

bank system out of the hands of the members who furnished the capital stock, and in particular against House bill 13125; to the Committee on Banking and Currency.

6886. Also, petition of Ellendale National Farm Loan Association, Ellendale, N. Dak., opposing parts of House bills 13125 and 13196; to the Committee on Banking and Currency.

6887. Also, petition of Frank Frank and 54 others, of Taylor and Lefor, N. Dak., in favor of extending aid to the famine-stricken peoples of Germany and Austria; to the Committee on Foreign Affairs.

6888. Also, petition in the form of a letter from O. A. Hagen, secretary-treasurer of the Berthold National Farm Loan Association, Berthold, N. Dak., on behalf of the members of the association, protesting against the passage of the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6889. Also, petition in the form of a letter from S. G. Hedahl, Alamo, N. Dak., on behalf of the stockholders of the Alamo Farm Loan Association, opposing the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6890. Also, petition in the form of a letter from S. H. Hesla, secretary-treasurer of the White Earth National Farm Loan Association, White Earth, N. Dak., on behalf of that association, protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6891. Also, petition in the form of a letter from Nick A. Lefor, Lefor, N. Dak., secretary-treasurer of the Lefor Farm Loan Association, expressing the disapproval of that organization of the Strong bill, which proposes certain changes in the Federal farm loan act; to the Committee on Banking and Currency.

6892. Also, petition of J. B. Meyers, secretary-treasurer of the Grano National Farm Loan Association, Grano, N. Dak., opposing House bill 13125; to the Committee on Banking and Currency.

6893. Also, petition in the form of a letter from John T. Neville, secretary-treasurer of the Eastern Bottineau County Farm Loan Association, Bottineau, N. Dak., expressing the opposition of that association to the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6894. Also, petition of the members of the New Salem National Farm Loan Association, New Salem, N. Dak., unanimously opposing the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6895. Also, petition of Northern Griggs County National Farm Loan Association, Binford, N. Dak., opposing the passage of House bill 13125, known as the Strong bill; to the Committee on Banking and Currency.

6896. Also, petition in the form of a letter from A. J. Ross, secretary-treasurer of the Stanley Farm Loan Association, Stanley, N. Dak., requesting Senators and Representatives in Congress to oppose all changes in the Federal farm loan act except one which would increase the loan limit from \$10,000 to \$25,000; to the Committee on Banking and Currency.

6897. Also, petition of the directors of the Southeast Slope National Farm Loan Association, Scranton, N. Dak., protesting against the passage of the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6898. Also, petition of A. F. Thompson, J. A. Bartell, and A. N. Wing, of Van Hook, N. Dak., a committee appointed to represent the Van Hook National Farm Loan Association, urging the establishment of a Government agency which will assure farmers the cost of production; also protesting against any legislation looking to changes in the Federal farm loan act, and especially the Strong bill; to the Committee on Banking and Currency.

6899. Also, petition of the directors and stockholders of the Glen Ullin National Farm Loan Association, Glen Ullin, N. Dak., protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6900. Also, petition of Underwood Farm Loan Association, Underwood, N. Dak., favoring the passage of rural credits legislation for the relief of agriculture; also protesting against the Strong bill, H. R. 13125; to the Committee on Banking and Currency.

6901. By Mr. TINKHAM: Resolution adopted at convention of Sportsmen's Clubs of Massachusetts, favoring the passage of House bill 5823; to the Committee on Agriculture.

6902. By Mr. WILLIAMSON: Petition of Elmer Stabenow and other citizens, of Dupree, S. Dak., favoring a joint resolution purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6903. By Mr. WYANT: Petition of Fort Ligonier Chapter, No. 349, members of Order of Eastern Star, and citizens of Pennsylvania, asking for passage of the Towner-Sterling bill for the

creation of a department of education; to the Committee on Education.

6904. Also, petition of Knights of Malta, members of Export Commandery No. 501, and citizens of Pennsylvania, asking for the passage of the Towner-Sterling bill for the creation of a department of education; to the Committee on Education.

6905. Also, petition of sundry citizens of Pennsylvania, favoring a joint resolution purporting to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6906. Also, petition of Order Eastern Star, members of Greensburg Chapter, and citizens of Pennsylvania, asking for the passage of the Towner-Sterling bill for the creation of a department of education; to the Committee on Education.

## SENATE.

THURSDAY, January 18, 1923.

(Legislative day of Tuesday, January 16, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### INVITATION TO ARMY WAR COLLEGE.

The VICE PRESIDENT laid before the Senate a communication from the commandant of the Army War College, extending an invitation to the Members of the Senate to attend conferences and lectures at the War College on the campaigns and battles of the World War, which was read and ordered to lie on the table, as follows:

THE ARMY WAR COLLEGE,  
Washington Barracks, D. C., January 17, 1923.  
The VICE PRESIDENT,  
Senate Chamber.

MY DEAR SIR: On January 25, 26, and 27 the program of conferences and lectures at the Army War College includes subjects which, I believe, will be of special interest to Members of Congress as indicating the character of work that is being done at this institution.

These conferences will cover some of the phases of the more important campaigns and battles of the World War. While the doors of the college are always open to Members of Congress and we are glad to have them visit us at any time, I am sending the program of these three days with a special invitation to you and the Members of the Senate to be present at some or all of these conferences. The program has been arranged in the hope that it will meet the convenience of the Members.

Very sincerely yours,  
E. F. MCGLACHLIN, Jr.,  
Major General, United States Army, Commandant.

THE ARMY WAR COLLEGE,  
Washington Barracks, D. C., January 17, 1923.  
COURSE AT THE ARMY WAR COLLEGE, 1922-23.

### PROGRAM FOR DISCUSSION OF BATTLE FRONTS.

Thursday, January 25: 9.05 to 10.20 a. m., Nivelle's attack of 1917; 10.30 to 12 m., the Dardanelles.  
Friday, January 26: 9.05 to 10.20 a. m., Rumanian campaign; 10.30 to 12 m., the Battle of Jutland.  
Saturday, January 27: 9.05 to 10.20 a. m., the situation on the western front in July, 1918, from the German high command viewpoint; 10.30 to 12 m., the March, 1918, offensive, from the viewpoint of the German high command.

SUPPLY OF WHITE ARSENIC IN THE UNITED STATES (S. DOC. NO. 290).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Agriculture, transmitting, in response to Senate Resolution 377, agreed to December 6, 1922, a joint report on the available supply of arsenic to meet the demand in 1923, by Mr. B. R. Coad, of the Bureau of Entomology, Agricultural Department, and Mr. G. F. Loughlin, of the United States Geological Survey, Interior Department, which, with the accompanying papers, was referred to the Committee on Agriculture and Forestry and ordered to be printed.

### BRIDGE BILLS.

Mr. CALDER. From the Committee on Commerce I wish to report one Senate and several House bills giving permission for the erection of bridges over navigable streams. There is no objection to them; they are in regular form; and I shall ask unanimous consent for their present consideration.

The VICE PRESIDENT. Without objection, the reports will be received.

### MERRIMACK RIVER BRIDGE.

Mr. CALDER. I report back favorably from the Committee on Commerce without amendment the bill (S. 4288) to grant the consent of Congress for the special commission constituted by an act of the Legislature of Massachusetts to construct a bridge across the Merrimack River. I ask unanimous consent for its present consideration.

There being no objection, the bill was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted for the special commission constituted by chapter 507 of the acts passed by the Legislature of Massachusetts during the session of 1922, and the county commissioners of Essex County, in the State of Massachusetts, acting jointly or separately, and their successors and assigns, to construct or reconstruct, maintain, and operate a bridge and approaches thereto across the Merrimack River at Main Street, in the city of Haverhill, in the county of Essex, in the State of Massachusetts, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, said bridge to replace the present or Haverhill lower bridge, so called, at said location.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### DAM ACROSS RED RIVER OF THE NORTH.

Mr. CALDER. I report back favorably, without amendment, from the Committee on Commerce the bill (H. R. 12777) granting the consent of Congress to the cities of Grand Forks, N. Dak., and East Grand Forks, Minn., or either of them, to construct, maintain, and operate a dam across the Red River of the North, and I submit a report (No. 1020) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the cities of Grand Forks, N. Dak., and East Grand Forks, Minn., or either of them, to construct, maintain, and operate, at a point suitable to the interests of navigation, a dam across the Red River of the North at or near the cities of Grand Forks, N. Dak., and East Grand Forks, Minn.: *Provided,* That the work shall not be commenced until the plans therefor have been filed with and approved by the Chief of Engineers, United States Army, and by the Secretary of War: *Provided further,* That this act shall not be construed to authorize the use of such dam to develop water power or generate electricity.

SEC. 2. That this act shall be null and void unless the actual construction of this dam hereby authorized is commenced within two years and completed within four years from the date hereof.

SEC. 3. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### PEARL RIVER BRIDGE.

Mr. CALDER. From the Committee on Commerce I report back favorably, without amendment, the bill (H. R. 13139) granting the consent of Congress to the Great Southern Lumber Co., a corporation of the State of Pennsylvania doing business in the State of Mississippi, to construct a railroad bridge across Pearl River at approximately 1½ miles north of Georgetown, in the State of Mississippi, and I submit a report (No. 1021) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the Great Southern Lumber Co., a corporation of the State of Pennsylvania doing business in the State of Mississippi, its successors and assigns, to construct, maintain, and operate a railroad bridge and approaches thereto across the Pearl River at a point suitable to the interests of navigation approximately 1½ miles north of Georgetown, in the State of Mississippi, and in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### ST. FRANCIS RIVER BRIDGE.

Mr. CALDER. From the Committee on Commerce I report back favorably, without amendment, the bill (H. R. 13195) granting the consent of Congress to the State highway commission of Missouri, its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the St. Francis River, in the State of Missouri, and I submit a report (No. 1022) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the State highway commission of Missouri and its successors and assigns to construct, maintain, and operate a bridge and approaches thereto across the St. Francis River, at a point suitable to the interests of navigation on the county line between Butler and Dunklin Counties, on the south line of section 3, township 22 north, range 8 east, in the State of Missouri, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### ROCK RIVER BRIDGE.

Mr. CALDER. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 13474) granting the consent of Congress to the county of Winnebago, the town of Rockford, and the city of Rockford, in said county, in the State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Rock River, and I submit a report (No. 1023) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to the county of Winnebago, the town of Rockford, and the city of Rockford, in said county, in the State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Rock River, at a point suitable to the interests of navigation, on the extension of Auburn Street, in said city of Rockford, and in section 13, township 44 north, range 1 east, of the third principal meridian, in the county of Winnebago and State of Illinois, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### ESCAMBIA RIVER BRIDGE.

Mr. CALDER. From the Committee on Commerce I report back favorably without amendment the bill (H. R. 13493) to authorize the State Road Department of the State of Florida to construct, maintain, and operate a bridge across the Escambia River near Ferry Pass, Fla., and I submit a report (No. 1024) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

*Be it enacted, etc.,* That authority is hereby granted to the State Road Department of the State of Florida, its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across Escambia River, Fla., and its tributaries, between Pensacola and Milton, near Ferry Pass, Fla., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### CLERK HIRE OF MEMBERS OF CONGRESS AND DELEGATES.

Mr. WARREN. Mr. President, I ask consent to report from the Committee on Appropriations favorably a House joint resolution.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. WARREN. From the Committee on Appropriations I report back favorably without amendment the joint resolution (H. J. Res. 16) providing for pay to clerks to Members of Congress and Delegates. It is a measure of only a few lines, and I ask for its immediate consideration.

There being no objection, the joint resolution was considered as in Committee of the Whole, and it was read as follows:

*Resolved, etc.,* That hereafter appropriations made by Congress for clerk hire for Members, Delegates, and Resident Commissioners shall be paid by the Clerk of the House of Representatives to one or two persons to be designated by each Member, Delegate, or Resident Commissioner, the names of such persons to be placed upon the roll of employees of the House of Representatives, together with the amount to be paid each; and Representatives, Delegates, and Resident Commissioners elect to Congress shall likewise be entitled to make such designations: *Provided,* That such persons shall be subject to removal at any time by such Member, Delegate, or Resident Commissioner with or without cause.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### REPORT OF THE COMMITTEE ON AGRICULTURE AND FORESTRY.

Mr. HARRISON, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4324) to amend "An act to authorize association of producers of agricultural products," reported it without amendment and submitted a report (No. 1025) thereon.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE (by request):

A bill (S. 4364) for the relief of the widow of Capt. Benjamin D. Cotter (with an accompanying paper); to the Committee on Claims.



By Mr. SPENCER:

A bill (S. 4365) to authorize the sale of lands allotted to Indians under the Moses agreement of July 7, 1883; to the Committee on Indian Affairs.

By Mr. BALL:

A bill (S. 4366) for the relief of W. Ernest Jarvis (with accompanying papers); to the Committee on Claims.

By Mr. MCKINLEY:

A bill (S. 4367) for the relief of Mary B. Jenks; to the Committee on Claims.

A bill (S. 4368) granting an increase of pension to Emma J. Eley; to the Committee on Pensions.

By Mr. FRELINGHUYSEN:

A bill (S. 4369) for the relief of Wilhelmina D. Holman and the estate of M. Samuel; to the Committee on Claims.

By Mr. SMOOT:

A joint resolution (S. J. Res. 270) concerning lands devised to the United States Government by the late Joseph Battell, of Middlebury, Vt.; to the Committee on Public Lands and Surveys.

#### RANK AND PAY OF NAVAL OFFICERS.

Mr. KELLOGG submitted an amendment intended to be proposed by him to the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, which was referred to the Committee on Naval Affairs and ordered to be printed.

#### THE SILVER SITUATION.

Mr. WALSH of Montana. Mr. President, much anxiety has been felt in certain sections of the country in which the silver industry is important concerning its future when the Pittman Act shall have spent its force. I have here a letter addressed to me a few days ago by one of the officers of the Anaconda Copper Mining Co., a large producer of silver, which is an instructive and interesting discussion of the general subject, regarding which Congress will doubtless be called upon to legislate in the future. I ask unanimous consent to have it printed in the RECORD, and in 8-point type.

The VICE PRESIDENT. Without objection it is so ordered. The letter is as follows:

ANACONDA COPPER MINING CO.,  
OFFICE OF THE PRESIDENT,  
New York, December 20, 1922.

DEAR SENATOR WALSH: In accordance with our conversation of the other day, I submit a general outline of the silver problem as it appears to the American producers, assuring you that we are keenly alive to the importance of the matter and anxious to avail ourselves of the proffered cooperation of yourself and your associates upon a subject that so vitally affects the mining industry in Montana and other States where precious-metal mining constitutes a basic industry.

It is rather difficult to confine even the briefest digest of the silver situation within the proper space of an ordinary letter. There are so many ramifications to the subject that one is tempted, no matter from what angle an approach is made, to digress along lines that inevitably lead into a maze of social, economic, and financial problems, through which no clear pathway is marked and regarding which no definite opinion can be expressed, as the ultimate solution is dependent upon the policies adopted and carried out by the more important Governments with reference to their fiscal requirements and currency systems.

The situation may be summarized by inviting answers to two queries:

First. What, if any, plan have the silver producers, as being the most directly interested, to offer in meeting the situation which will confront the industry upon the termination of purchases of domestic silver under the Pittman Act?

Second. What, if any, assistance can be extended by the Government in connection with the problem?

In answer to the first inquiry, I know that while the matter has been the subject of discussion among the principal producers, they have been unable to formulate a definite plan, principally because they have been and are dealing with a subject embracing many unknown factors; and, second, it has been felt that before any plan is adopted there should be indicated the extent to which cooperation on the part of the Government may be depended upon to enable a proper study of the situation to be made.

In order to explain these rather cryptic statements, a general review of the situation may aid. Whatever differences of opinion there may have been in the past upon the subject of bimetallism or the establishment of a fixed ratio between the coinage value of gold and silver, it will probably be conceded that it would be neither wise nor expedient to attempt a revival of this discussion, nor to undertake to solve the ques-

tion by the adoption of such a remedy. Issues of controversial economics must be avoided if possible; political economics will destroy, not assist, constructive effort.

If these conclusions be accepted, the position of the American silver producer, in the absence of special legislation, is dependent upon the demand for his product in the markets of the world; and the price should be the reflex of such demand, freed from any effort to artificially increase, decrease, or "fix it." The significance of this statement will become more apparent as the text of this letter is followed.

I have read recently with interest the speech of Senator PITTMAN with reference to the Pittman Act and his prediction as to the future of the silver-producing industry, printed in the CONGRESSIONAL RECORD of August 26 last. I regret, while mindful of his great ability, that I am unable to be as unqualifiedly optimistic about silver's future as is the Senator. Neither can I bring myself to complete agreement with the economics of the situation as outlined in his instructive speech.

It is true that there is not "an unlimited supply of silver in the world ready for mining." It is also true, generally speaking, that the "problem, i. e., the price of silver, is governed by the law of supply and demand for silver throughout the world," but it must be remembered that the current production of silver is not the measure of the supply and that fiscal legislation very largely controls the demand. No one knows how much available silver there is in the world, but experience teaches that at a sufficiently high price, i. e., when it reaches a value as bullion in excess of its value as coin, enormous quantities flow from unexpected sources. During the exceptionally high prices of 1921, tens of millions of ounces in foreign coin were shipped to the refineries of the United States for remelting and refining. On the other hand, had it not been for the fact that the paper-note issue of India was convertible immediately into silver rupees—a demand of fiscal law—the crisis that confronted the British Government in 1917 and 1918, so graphically described by the Senator, would not have occurred; there would have been no necessity to have furnished the enormous quantity of bullion required to meet that emergency, nor to have enacted the Pittman Act as an enabling measure.

The release from the Treasury vaults of 209,000,000 ounces of silver melted under the act, as well as the dumping by European, Central and South American Governments during the period of high prices, has not depleted the silver supply of the world, but merely added to free stock. The bullion has changed hands, but it is still available; on the other hand, a volume of legislation has been enacted during the past three years, intended to, and which will have an important effect upon the demand for silver, none of it tending to an improvement of its market position.

It is because of these important factors, the effect of which can not be accurately measured, that the American producer is unable, unaided, to form definite opinions as to the future of his product.

We do know that upon the expiration of the Pittman Act we will face a new situation, and that unless intelligent study is given the matter we will be at sea until time and tide teach us that which to some extent we should endeavor to anticipate. It is in furthering the practical study that should be made of the situation that I think you and your colleagues, whose constituencies are interested, can be of invaluable assistance.

To develop what I have in mind, I wish, at the risk of perhaps repeating what you already know, to review the situation:

Without discussing the details of the transition from bimetallism to monometallism, which occurred world-wide during the last quarter of the nineteenth century, it is in accord with the facts to assert that the disintegration of the Latin Union was responsible for conditions that led to the enactment of the Bland Act, and, later, the Sherman law, under which more than 400,000,000 ounces of silver were compulsorily purchased by the United States Government; that the effect of these measures was to support the price; and that, following the repeal of the latter law in 1891, America, although by far the most important, if not the largest, producer of silver, practically ceased to have any influence in fixing the price of the metal until the modus operandi of the London market became disturbed by war conditions.

The enormous increase in the export trade of China and India during the last 25 years, coupled with the fact that silver was by tradition, adaptation, and legislation the money-metal needed by those countries, resulted in the Far East being the most important market for the world's output. The cessation of legislative purchases by the United States was followed by an increased flow of the metal to India, with the inevitable result that the exchange value of the rupee declined, until in 1895 it was quoted at about 50 per cent of the normal rate. It is

maxim of oriental exchange that when it is bought, silver is sold. In other words, when one buys and pays for oriental exports, silver must be sold to liquidate the balance. The Government, as a protective measure, closed the Indian Mints to free coinage and finally established the sterling value of the rupee at 16 pence or 15 rupees to the pound sterling. From that time on London absolutely fixed the price of silver throughout the world.

In order to understand just how London has been able to fix the price of silver without consulting the producers of the metal certain prevailing conditions must be kept in mind:

(a) London has been and is the principal financial center of the world.

(b) It is the capital of the British Empire, whose possessions and the trade incident to them extend around the world.

(c) It is the clearing house through which the world's balance of trade is adjusted, and its financial sway is even greater than the political domination affecting more than 600,000,000 people.

The demand governing the price of silver is that which arises from its use as a money metal. This demand is affected not so much by the volume of current production as by the relative prosperity or adversity of peoples scattered to the remotest sections of the globe. A favorable monsoon in India, a flood or famine in China, are of infinitely greater effect on demand and price of the metal than is the discovery of a new or the failure of an old mining district.

Inasmuch as the volume of trade between China, India, and the balance of the Orient, on the one hand, and the other British possessions, on the other, greatly exceeds their respective trade balances with the rest of the world, and, moreover, as this trade is financed and the balances adjusted between these essentially silver-using countries and those whose currency is based upon the gold standard through the medium of the great Anglo-eastern banks, with headquarters in London, it is apparent why that center has such a predominating influence in the situation.

In ordinary times, since the repeal of the Sherman law and prior to the disturbance of the late war, every ounce of silver produced in the world was sold on the basis of a London quotation, as was also the purchase of every ton of silver ore by custom smelters throughout the United States.

The London quotation is arrived at in the following unique method:

Four silver-brokerage firms in London "fix the market." Representatives of these firms meet every business day. They hold in hand the orders to sell bullion and also the orders to buy silver to meet the exchange balances drawn upon London accounts. The price is adjusted to meet this situation, advancing when the exchange demand exceeds the supply, declining when the reverse is the case. This operation is known to the market as "fixing the price." The result is cabled all over the world, and a miner in Butte selling a load of ore is settled with upon the price so fixed, repeated by wire from New York through the medium of Handy & Harmon, silver brokers, and the Western Union Telegraph Co.

Without questioning the integrity of the participants to the "fixing" of the price, as it is universally acknowledged that a very high degree of honesty has marked this transaction, and conceding further that the exchange requirements in London will, until trade channels follow new courses, be the dominant factor in the situation, still the American producer has felt a dissatisfaction with the prevailing method and has entertained a desire for a change that would afford him opportunity to know the facts that govern the situation that he might exercise some function in connection with the disposal of his product. It may be akin to the desire of a Republican in Mississippi wishing to vote; nevertheless we conceive it to be his right.

I will be pleased to furnish you with greater detail as to the operations of the London silver market should you desire me to do so.

I think it unnecessary to enlarge upon it in this letter.

In addition to the lack of opportunity to participate actively in the silver market, a further cause of dissatisfaction—I am not here discussing the merits of the matter—has been caused by what has been regarded as the unreasonably large profit made by the Government as seigniorage in coining silver for use in India.

A word of explanation is necessary. The silver rupee has been the standard unit of value in Indian currency. Its weight is three-eighths of an ounce eleven-twelfths fine. During the period of violent agitation in the early nineties the price of silver was marked by wide and rapid fluctuations. Following the closure of the Indian mints to the free coinage of silver in

1893 the exchange value of the rupee rose to 1s. 4d., the equivalent in United States currency of 32.4 cents, where it remained until the upset caused by war conditions. In 1899 the British sovereign was declared legal tender for Government taxes at the rate of 15 rupees to the pound sterling.

The Indian rupee equals in weight 180 grains eleven-twelfths fine silver. The British sovereign equals 123.27 grains, of which 112.9975 grains is fine gold. Therefore in Indian currency 2.475 grains of silver is the equivalent of 112.9975 grains of gold. There are 480 grains in a troy ounce. A troy ounce of gold is the equivalent of \$20.67 in United States currency. Therefore the value of silver at the above ratio is equal to 94.368 cents per ounce.

During the period from 1900 to 1915, inclusive, the average quoted price of silver by years was 57 cents an ounce.

The number of rupees coined by the Indian mints during the same period was 1,651,583,784, indicating that a profit of \$212,150,066.11 was made as seigniorage, collected largely from the American miner.

The profit made under the Indian coinage act was partially deposited in the currency reserve in gold or gold securities, the balance was used for approved purposes. A British authority (White, p. 259) states in December, 1915, nearly £16,000,000 sterling in gold, or gold securities, were held in London, and £10,000,000 in gold or gold securities in India, equivalent to a total of \$126,360,000, at a normal rate of \$4.86 for the pound sterling. The same author is authority for the statement that in a representative year, such as 1912, when approximately 150,000,000 rupees were coined, a profit of approximately £3,000,000 sterling, or \$14,580,000, was made by the mint.

In China the currency is silver without a gold reserve. A number of coins circulate. Among the more important are the British dollar and the Hongkong dollar coined at the Bombay mint. These coins weigh 416 grains, 900 fine. A seigniorage charge of 2 per cent is made by the mint, and the number of dollars coined runs into the hundreds of millions.

I have given this brief outline for the purpose of emphasizing the importance of the Orient, and particularly its two chief countries, from the standpoint of population and the coinage of silver, and without criticism have pointed out some practices in connection with the handling of the London market that have caused the American producer to feel that the market price "fixed" has not been a fair one determined by the free working of the laws of supply and demand, or through the unhampered operation of existing economic factors, but, on the contrary, that by reason of the direct interest which Great Britain, the Indian Government, and the great Anglo-Eastern banks have had in the situation the market has been handled to depress the price to the producer, thus enhancing the margin of profit to the Governments involved. All this has more to do with the past than with the present situation.

So far as action has been taken by Governments, there has been little to encourage silver producers since the cessation of the war.

Summarized, the story is largely a record of debasement or abandonment.

Sweden, Norway, and Denmark have abolished silver coin for all fractions of the krone, substituting an alloy of nickel and copper in lieu thereof.

The program of debasement of silver coinage to an alarming extent has taken place. England leads the procession in this respect also, having debased its silver coinage from 925 to 500 fine; the Netherlands and the Dutch Indies have debased their silver coin from 945 to 720 fine; Canada from 900 to 800 fine; Honduras from 900 to 500; San Salvador from 900 to 500; Singapore or Straits dollar from 900 to 600 first, then to 550; Mexico and Peru have both debased their respective currency to 500 fine.

As a result of the disturbed economic conditions prevailing in Europe, silver has disappeared as a circulating medium in Austria, Belgium, Bulgaria, Czechoslovakia, Finland, France, Germany, Greece, Hungary, Italy, Yugoslavia, Poland, Portugal, Rumania, Russia, Turkey, and many of the smaller countries.

At the present time an intensive propaganda is being conducted in India for the purpose of popularizing paper issues of the rupee and its fractional denominations. Under these conditions it is quite remarkable that the price of silver has held as firmly as has been the case during the past two years. The significance, however, of the trend toward abandonment and debasement has been to place silver, where now used at all, in the position of a mere token money.

In England I am advised that the two classes of English coin, old silver, readily distinguishable in color from the new and



containing 80 per cent more silver, circulate together without discrimination.

In considering the effect of a decline in silver upon the mining industry it should be kept in mind that not only will silver mining suffer, but inasmuch as the greater part of the output is mined in connection with zinc, lead, and copper, and forms an important element of value that helps to carry these branches of mining, the very serious effect of a collapse in the silver market upon the American mining industry can be readily appreciated.

To meet this situation it is believed that cooperative effort between the Government and the producers is essential. As to the form which the ultimate endeavor might take, I am not prepared to now make a suggestion. Recently a committee has been appointed by the American Mining Congress to give consideration to the matter. We have had several informal meetings, and the consensus of opinion seems to be that the first step should be to secure, if possible, the passage of a joint resolution by Congress providing for the appointment of a commission consisting of, say, two Senators, two Representatives, and possibly two representatives of the industry, to study the subject and submit recommendations.

There are a number of definite steps that such a commission might take. Its official character would give it access to information and secure for its representation abroad greater weight than if the work is undertaken without official sanction and backing.

If it is agreeable, I ask that you fix a date as soon after January 1 as may be convenient when two or three members of the committee may go to Washington to discuss the matter with you and some of your colleagues.

Yours very sincerely,

C. F. KELLEY.

Senator THOMAS J. WALSH,  
Washington, D. C.

#### RURAL MARKETING AND CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4280) to provide credit facilities for the agriculture and live-stock industries of the United States; to amend the Federal reserve act; to amend the Federal farm loan act; to extend and stabilize the market for United States bonds and other securities; to provide fiscal agents for the United States; and for other purposes.

Mr. HEFLIN. Mr. President—

Mr. JONES of Washington. Would the Senator from Alabama like to have a quorum?

Mr. HEFLIN. I would.

Mr. JONES of Washington. I suggest the absence of a quorum, Mr. President.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Glass	McLean	Smoot
Ball	Hale	McNary	Spencer
Bayard	Harrell	Moses	Stanfield
Borah	Harris	Nelson	Sterling
Brookhart	Harrison	Nicholson	Sutherland
Calder	Hefflin	Norbeck	Townsend
Capper	Hitchcock	Norris	Trammell
Colt	Johnson	Oddie	Underwood
Couzens	Jones, Wash.	Overman	Wadsworth
Culberson	Kellogg	Owen	Walsh, Mass.
Curtis	Kendrick	Pepper	Walsh, Mont.
Dial	Keyes	Philips	Warren
Fernald	King	Ransdell	Watson
Fletcher	Lodge	Reed, Pa.	Weller
Frelinghuysen	McCumber	Robinson	Williams
George	McKellar	Sheppard	Willis
Gerry	McKinley	Shields	

Mr. HALE. I wish to announce that the junior Senator from Washington [Mr. POINDEXTER] and the senior Senator from Nevada [Mr. PITTMAN] are detained on official business.

Mr. CURTIS. I was requested to announce that the Senator from Arizona [Mr. CAMERON] is detained on official business.

Mr. WILLIS. I desire to announce the unavoidable absence of my colleague [Mr. POMERENE] on account of illness. I will let this announcement stand for the day.

Mr. BROOKHART. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is detained at a hearing before the Committee on Manufactures.

The VICE PRESIDENT. Sixty-seven Senators have answered to their names. A quorum is present. The question is on the amendment offered by the Senator from South Carolina [Mr. DIAL], which proposes to amend the cotton futures law. The Senator from Alabama [Mr. HEFLIN] is entitled to the floor.

Mr. HEFLIN. Mr. President, this amendment presents a very important question. The subject was discussed here at some length on a former occasion during the month of August, I believe, and at that time it was decided not to place the amendment proposed by the Senator from South Carolina upon the law. The Committee on Agriculture and Forestry, which has had the amendment before it, was not satisfied with its provisions and did not report it favorably. Upon that committee is the senior Senator from South Carolina [Mr. SMITH]. The principal business of that Senator is that of a cotton producer. He is wonderfully well informed on this subject; I think that he is the best-informed man on the subject who has been in either branch of Congress since I have been a Member. He is not in favor of this amendment.

I am heartily in favor of doing everything that can be done to give the producer a fair deal, but I am afraid of certain provisions of the pending amendment. I now wish to call attention to one of its features which is objectionable to me; it is the one that adds two grades of cotton to the grades which we now have. We never hear more than six or seven grades of cotton mentioned in the spot markets of the country, though we have 10 grades. We put those additional grades in in order to cover the various shades of grades, but under the amendment of the Senator from South Carolina two new grades are proposed, making 12 grades in all. I was opposed to increasing the number of grades to 10. I wanted the number to remain at nine. As a Member of the other House, 12 or 14 years ago, I was instrumental in reducing the number of grades of cotton on the exchanges from 23 to 9.

Mr. DIAL. Mr. President—

Mr. HEFLIN. I yield to the Senator from South Carolina.

Mr. DIAL. I beg the Senator's pardon, but, if he will allow me, I desire to say that my amendment does not propose to increase the grades; it merely groups the grades. I do not propose to interfere with the 10 grades except to group them.

Mr. HEFLIN. It may be that the Senator does not mean to do it, but I am confident that his amendment does increase the number of grades to 12. I requested the Senator from Arizona [Mr. ASHURST] to look over the amendment and to see how many grades he thought the Senator's amendment created and he came to the conclusion, without our discussing it together, that there were 12 grades provided for in the Senator's amendment.

Mr. DIAL. The amendment provides that one grade may be provided for in two classes because it is kindred cotton. The amendment was prepared by the experts from the Agricultural Department. I am not myself an expert, but I did not intend to increase the number of grades beyond 10, which is the existing number. It only groups the grades into three classes.

Mr. HEFLIN. I did not know that was the Senator's intention, but since he has stated that he did not intend to increase the number of grades, I accept his statement. I am convinced, however, that the amendment as framed would provide for 12 grades, and I am opposed to increasing the number of grades.

I was about to say, Mr. President, that in the other House we fought to reduce, and did reduce, the number of grades of cotton from 23 to 9. I fought very earnestly for that change, and when we got it we scored a victory for honest dealing in cotton so far as the grades were concerned. The use of the 23 grades cost our farmers many millions of dollars. Under the old system all sorts of cotton were tendered, and the more grades there are the more confusing the situation becomes and the easier it is to impose upon the buyer and the producer. When the grades are reduced to a few, say 10, that number covers the whole field and it is harder to manipulate the market when the grades represent the kinds of cotton produced.

I agree with the Senator from South Carolina in many things he has said. The exchanges frequently do not comply with the law as it now stands. I have previously stated that. Their noncompliance with the law, however, is not the fault of the law; the law ought to be enforced. If desirable provisions are now in law, I think we ought to be very careful about eliminating them.

I have also been afraid, Mr. President, that if the Senator's amendment should be adopted it would outlaw the low grades of cotton in the spot markets of the country. I fear that it would put in the hands of the buyers for the spinner the power of going into the market and saying, "We will take so many bales of this grade and so many bales of that, but we can not use the others." What would be the effect of that in the market? What would happen to the producer if the buyer for the spinner were to say, "I will take these four bales, but I can not use the other six bales"? The seller would say, "I have been selling all my cotton to the same buyer; I have sold him all for an all-

around price at a certain figure, the whole 10 bales of cotton." If the law provides that certain grades which are designated shall not be tendered on contract, it seems to me that there would be an injustice done to those grades of cotton.

In line with the fight which is now being made by the Senator from South Carolina, I wish to lay down the proposition that there is but very little difference in the tensile strength of the various grades of cotton. That has been tested out by the Agricultural Department. Some cotton which may have been rained on and stained or discolored from the leaves or from some other cause may be picked out, ginned, put into the lint, and it may then be dyed red or brown or any other color, and then no man except an expert could tell whether it was strict middling or low middling cotton when bought. If that be so, then such grades of cotton ought to bring nearly as much as the higher grades. There ought not to be such a large difference in the price paid for the various grades.

Mr. MCKELLAR. Mr. President—

Mr. HEFLIN. I yield to my friend from Tennessee.

Mr. MCKELLAR. I presume the Senator from Alabama is aware of the fact that there are new processes, some of which have been patented, by which stained cotton and other cotton which has been soiled may be cleaned?

Mr. HEFLIN. And all foreign matter removed?

Mr. MCKELLAR. The foreign matter may be entirely removed. I myself have seen some specimens of that kind of work. It is splendid work, and I have not a doubt it will cause quite a revolution in the grading of cotton.

Mr. HEFLIN. That is true, and I am glad the Senator from Tennessee has called my attention to the fact that machines are now in use by which the cotton is renovated and cleaned and foreign matter is removed. After that is done and the cotton is dyed, I say again that no one but an expert can tell whether the cotton was low middling or middling fair. Sometimes the middling fair will bring 25 cents, perhaps, and low middling 18 cents. That is an unreasonable difference that ought not to obtain, but the amendment of the Senator from South Carolina does not cure that defect.

I agree with him that frequently the exchanges do not comply with the law, but they ought to be forced to comply with it. I have introduced a joint resolution which, in my opinion, if enacted would cure that defect. It is Senate Joint Resolution 92, introduced by me, and reads as follows:

*Resolved, etc.*, That hereafter whenever the conduct of the cotton exchanges, or any one of them, of the country shall, in the judgment of the Secretary of Agriculture, become detrimental to the interests of the cotton producers of the United States, it shall be his duty to suspend the action of any one or all of said exchanges.

Sec. 2. That whenever as many as two commissioners or secretaries of agriculture and two governors in the cotton-growing States shall complain to the Secretary of Agriculture of the conduct of any cotton exchange, he shall immediately notify such exchange and require the conduct complained of to cease pending the hearing and disposition of the case or cases.

Sec. 3. That the authority and power are hereby conferred upon the Secretary of Agriculture to carry out the provisions of this joint resolution.

Mr. President, I hold that if the exchanges to-day will comply with the law as it is written the situation would be better, and if they do not comply with the existing law the joint resolution to which I have referred would enforce such compliance.

I advocated and had put in the law a provision to the effect that whenever a dispute arose between the buyer and the seller as to the grade offered or tendered either party to the contract could appeal to the Secretary of Agriculture, and then the experts in his department, without knowing either party to the contract, would take those grades and determine what they were and settle the controversy.

I also urged another provision, as did others, which was put into the law. I wish to read that provision to Senators as it is found in the law now on the statute books. It is as follows:

The parties to such contract may agree, at the time of the tender, as to the price of the grade or grades so tendered, and that if they shall not then agree as to such price, then, and in that event, the buyer of said contract shall have the right to demand the specific fulfillment of such contract by the actual delivery of cotton of the basis grade named therein at the price specified for such basis grade in said contract.

There are the two points at issue. We already have the provision in the law that if a dispute should arise between the buyer and the seller, if the buyer says, "That is not the cotton I contracted for; that is not low middling; this is not strict middling; that is not middling fair," and so on through the grades, "and I do not propose to take it," and the seller says, "They are the grades specified in the contract;" the buyer may say, "I am not going to submit to your judgment. I am going to take the question to the Secretary of Agriculture and have his experts determine which one of us is right." So that

matter is also taken care of and the department has settled scores and scores of disputes of that character.

On the other hand, if the buyer does not want the cotton and they have to effect a settlement in money, that situation is provided for in the law. If the buyer says, "I will not take that difference;" and the seller says, "I will not pay you any more;" and the buyer says, "Give me the cotton; I will take the cotton," there is a provision that makes him deliver the cotton specified in the contract. Those were the two points that we had particularly in mind when we framed the present law to take care of the interests of the producers of the cotton and to give the buyer the right to have the contract complied with. I want such a contract that when cotton is dealt in the producer will be called on for the cotton with which to fill the contract.

There are evils in connection with the exchanges; but I fear the amendment of the Senator from South Carolina. I know that he thinks it will accomplish the result desired, and I am sorry that I can not agree with him; but I fear that if ever we put it in the power of any buyer to go into a market and take the cream off of it and allow him to say "I only want the four highest grades, I do not want the others," the low grades of cotton will be thus outlawed, it is going to force the farmer to take a lower price for that cotton, and the tricks of the trade will be resorted to so that the farmer will be robbed right and left, although the low grade of cotton, when cleaned by machines, as suggested by my friend from Tennessee, and dyed, will make just as good cloth as the top grades, for which perhaps \$30 or \$40 more a bale is paid than for the low grade of cotton. I fear that advantage will be taken of this amendment, if it shall be adopted, to outlaw the low grades and very injuriously affect the business of the cotton producers.

Mr. NORRIS. Mr. President—

Mr. HEFLIN. I yield to the Senator from Nebraska.

Mr. NORRIS. I was particularly struck with the last quotation the Senator read from existing law. If I understand it, that law would give the buyer of cotton a very great advantage. If the seller of the cotton was unable to supply him with the exact grade specified in the contract, and they had a dispute about it, then the purchaser of the cotton, as I heard it read, would be able to say to the seller: "Give me the cotton exactly as it is specified in the contract." Would not the result of that be that the buyer would have complete control of the transaction? The seller would have to agree with him. If they did not agree, he could demand his pound of flesh.

Mr. HEFLIN. No; here is the advantage in that: The buyer says: "The difference between this grade and that grade ought not to be more than a certain number of dollars." The seller says: "Yes; it ought. There ought to be \$10 a bale or \$15 or \$20 difference in the grades." The buyer says: "I will not accept a settlement like that." Now, he has the buyer in his hands if the buyer will take his tender; but the buyer has the right to say to the seller: "I will not do it. You produce the cotton." Then the seller says, "I have not got it"; and the buyer says, "You go out and get it"; and there is where the producer comes in. He furnishes the cotton. Then they have to go out in the spot market and buy cotton with which to fill these contracts.

Mr. NORRIS. That seems to me to be the weakness of that law. I may be entirely wrong about it, of course, but it looks to me as though in the very case the Senator puts the seller is at the mercy of the buyer. As I understand, they make a contract for the delivery of cotton before the cotton is produced. Nobody knows at that time what the cotton is going to be. It may not be a possible thing to supply the cotton named in the contract; but the law provides for different grades, and that if the seller can not supply the grade specified he can supply other grades at a differential in price, it is true; but it seemed to me that the clause which the Senator read from the law would give the purchaser the right to say whenever there was a dispute and they could not agree, "Then give me the exact cotton that is named in the contract."

Mr. HEFLIN. Well, that is absolutely fair.

Mr. NORRIS. Would not that often make it impossible for the producer of cotton to comply with his contract, because he could not supply the exact cotton named in the contract?

Mr. HEFLIN. But he can supply it. They have no right to name grades that he does not produce. The farmer rarely ever sells any cotton on the exchange.

Mr. NORRIS. He would have to go out and buy it somewhere.

Mr. HEFLIN. That is right, and when he does that he is patronizing the producer. He is calling for that which the farmer has to sell, wants to sell, must sell—and the more



people we force into the spot market to buy the farmer's cotton the better it is for the cotton farmer.

Mr. NORRIS. Yes; but he is a producer himself. As I understand the cotton business, there may be times when, on account of bad weather or something like that, it would be an impossibility to get cotton to supply the contracts if a literal interpretation of the contract were insisted upon. Is not that true?

Mr. HEFLIN. No; that never happens.

Mr. NORRIS. I supposed that existed.

Mr. HEFLIN. They always have the grades. Now, what we are trying to get at, and what I had in mind when we framed this law originally, was to make those who deal in cotton on the exchange go out and buy cotton from the producer with which to fill the contract. If the buyer who patronizes the exchange does not get a fair deal he has the right, and it is the only club he has, to tell the exchange: "If you do not settle with me fairly with money, you go out and get the actual cotton named in the contract and tender it to me. I will not accept anything else."

Mr. NORRIS. If that be true, why would we not improve it if we should wipe out all these differentials and let them rely entirely on the contract, and when a man has made a contract to sell cotton of a certain grade, compel him to do that? Instead of having any different grades, let him be compelled under the law to sell the cotton that he has contracted to sell. Would not that relieve it all?

Mr. HEFLIN. That would, in a way.

Mr. NORRIS. Then why not obliterate all these different grades?

Mr. HEFLIN. No; we do not want to do away with the present grades. What the Senator is suggesting is in line with what I have advocated with reference to the establishment of spot exchanges in the South where actual cotton—what we call spot cotton—would be bought and sold and delivered; but these are future contracts, where they deal in futures and the law prescribes the sort of contract they can make. They enter into a contract, and they ought to be made to live up to it. The Senator from South Carolina takes the position—and he is right about that—that frequently they do not comply with the contract. I agree with that part of his speech, but I want us to do something that will make them comply with the contract; and if you do that, here is the law that governs it and takes care of it, if we can make them do it, and they ought to be required to do it. The chairman of this committee knows, however, as I know, that when these fellows up there agree to a certain proposition and say that it is satisfactory, they already know in advance how they can evade it and slip and slide around it, and what we want to do is to put enforcement provisions back of this thing and enforce the law as it is. My resolution will do that.

Mr. McKELLAR. Mr. President—

Mr. HEFLIN. I yield to the Senator from Tennessee.

Mr. McKELLAR. I claim to be somewhat practical in my views and in my actions, and I think on a great question like this we ought to be extremely practical. As the Senator knows, we have frequently made cotton in the South at as low a price as 8 cents. The price of cotton now is about 27 cents.

Mr. HEFLIN. It has sold for 4 cents in the South.

Mr. McKELLAR. Of course, it has sold for that, but I am talking about ordinary, normal conditions. There have been many crops of cotton made in the South which sold at 8 cents a pound.

Mr. HEFLIN. For years and years 7 and 8 cents was the prevailing price.

Mr. McKELLAR. Yes. It is now bringing 27 cents a pound, and the chances are that it is going up. Apparently the market seems to have that upward trend. As plain, practical men, ought we not to hesitate about passing any law that would be likely to change a condition under which our farmers are now getting 27 cents and upward for their cotton? I want to say to the Senator that I shall be very loath to vote for any law on the subject at this time because of the splendid position that the cotton industry is now in.

Mr. NORRIS. Mr. President, if I may make a suggestion, of course the Senators know that I am not an expert on cotton, and my sympathies are entirely with the man who produces it. I should like to help him; but, if the argument of the Senator from Tennessee is right, then if this bill were pending here when cotton was down to 7 cents, he probably would favor it.

Mr. McKELLAR. I do not know.

Mr. NORRIS. If it were pending when cotton was up, he would be opposed to it.

Mr. McKELLAR. I should want to consider it very carefully if it were low.

Mr. NORRIS. We ought to do that.

Mr. McKELLAR. But when it is very high I do not know whether we ought to be going around hunting for a way to change the condition, and I am not hunting for it; I am that practical.

Mr. DIAL. Mr. President—

Mr. HEFLIN. I yield to the Senator from South Carolina.

Mr. DIAL. I should like to say to the Senator from Alabama that the reason why the contracts do not call for the cotton is because they do not know what quality they will get within 10 grades. For instance, in 1920, out of 128,907,500 bales of cotton contracts sold on the New York and New Orleans exchanges only 267,700 bales of actual cotton were delivered in New York and only 106,600 bales were delivered in New Orleans. That is the reason why I say you would help the farmer, the man who actually produces the cotton, if you would make them go out and get the cotton and comply with the contract.

Mr. HEFLIN. The Senator from South Carolina and I are in hearty agreement on that. I agree with him that frequently they do not comply with the contract; but what I have called to the Senator's attention is that the law is here; the provision is in the present Smith-Lever Act that if there is a dispute as to the grade tendered, either party can come to the Secretary of Agriculture and have the matter settled, as they have done in scores and scores of instances, as I have said; and if they are not in agreement as to the price, the purchaser can say to the seller, as I stated a moment ago, "You give me the cotton. Here are the grades set out. I stand on my contract," and the law says he has to do it. Now, then, the seller says: "I have not got the cotton." The Senator from South Carolina has called attention to that. "But you contracted with me to deliver to me certain cotton. You have no business dealing in cotton unless you can deliver cotton. Why do you contract to deliver me cotton when you have not got it? You go out and get it. I stand on my contract." Then the seller has to go out in the market, and hundreds of others go out in the market, and they commence buying, because he has to get the cotton right now to fill that contract, and this produces competitive buying in the spot market, and that puts up the price and the producer is helped. That is the situation in a nutshell. That is as it should be.

Mr. President, I hold in my hand a paper published at Dallas, Tex., in the greatest cotton-producing State in the Union, called the Cotton and Cotton Oil News. It is a paper devoted to the interests of the cotton industry. This editorial suggests that—

We sincerely hope that no Member of either House or Senate will disturb existing conditions. Let well enough alone.

There is another paragraph here that reads in this way:

Our advice to Congress, now in session, is to study well all measures aimed at cotton or grain future dealing, because futures in both commodities are so indivisibly connected with and so vital to the spot interest of both that any interference with existing rules may be fraught with grave consequences to the producers of grain and cotton; and that class of our citizens are, as a rule, less able to stand any adverse condition that might arise from injurious legislation.

This paper circulates all over the Cotton Belt, and, as I said, it is devoted to the interests of the cotton industry. It is sounding a note of warning.

Mr. President, I am going to urge the passage of my resolution. I want to cooperate with the Senator from South Carolina. It may be that we can put some of the provisions of his amendment or some of the ideas contained in it in a joint resolution and work out something that will correct the evils now practiced on the exchanges; but I want to repeat that if his amendment should be adopted as it stands it will put a premium on high grades and widen the breach between the high grades and the low grades and give the market manipulators a chance to strike dead the low-grade cottons throughout the Cotton Belt and work a great injury to the cotton producer. I have championed the cause of the cotton producer ever since I have been in public life. In fact, when I came to Congress I determined to make a special study of the cotton industry. I have done it, and I hope I have been of some value to that industry.

I have received scores and scores of letters from farmers, merchants, and bankers saying that the situation had been improved by legislation with which I had to do, and I want to do whatever is best for the producer of cotton, because he is so widely scattered through the cotton-producing section of the United States. It is difficult for him to organize and have unity of purpose and concerted action, as the spinners

can have them. The Senator from South Carolina is a cotton spinner and also a cotton producer.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. HEFLIN. I yield to my friend from Tennessee.

Mr. McKELLAR. Has the Senator had any petitions or letters from any of his cotton-producing constituents asking him to favor this amendment? I live in a cotton State. The city where I live is one of the largest cotton markets in the world. I have had no letters from any cotton producer asking me to support this measure, and I am sure that if they thought it was a wise measure they would communicate with me. In answer to the suggestion made by the Senator from Nebraska a moment ago, my sympathies are entirely with the producer. I live in a cotton country, and my sympathies are all with those who actually produce cotton, and in my judgment if they thought this amendment would help their interests they would be writing to their Representatives in Congress. For these reasons, I am going to vote against the amendment.

Mr. HEFLIN. Mr. President, I will say to my friend from Tennessee that I have not had but two or three letters from my State urging the adoption of this amendment.

I want to say this, in conclusion, that the price of cotton is now advancing. It ought to be bringing 30 cents. It will go above 30 cents. The thing that helped cotton to go up in price was the revival of the War Finance Corporation, which enabled many farmers, especially in the cooperative associations, to get money with which to keep their cotton off the market. That is the point always. If the producer is his own master, and can keep his cotton from going upon the market when the price is low and unprofitable, prices are bound to advance.

Why do I say that? Because there are one hundred and fifty and odd million spindles in the world. Those spindles must be fed on cotton. There are hundreds of thousands of people—men and women—operating them. There are millions of money invested in the spinning industry. All of that mighty machinery has to keep running, and it can not run unless they can get the cotton that the producer makes, and if you enable the producer to sell his cotton sparingly, so as to keep the market keen and hungry, meeting the demands of the spinner as they arise, cotton will always bring a good price.

Mr. President, I am glad of the part I took in reviving the War Finance Corporation. After we revived it some of the witnesses who testified before our Committee on Agriculture, in response to questions propounded to them by me, showed that when we commenced sending money out into the States through the War Finance Corporation, the Federal reserve banks immediately commenced to loosen up and rediscount paper at the member banks of the Federal reserve system. So it was that condition which caused cotton to advance—the farmer's ability to get hold of a little money to enable him to hold his cotton off the market until the price improved.

The cooperative associations have accomplished much in joining together and getting these funds, and keeping their cotton from being thrown upon the market without regard to the price. That has helped to put the price of cotton up.

Mr. President, with cotton around 27 cents to-day and with a threatened cotton famine standing right out in front of us, cotton is bound to go to 30 cents and higher. Not only are the high grades of cotton up now, but the average price of cotton has improved somewhat, and if we will help the producer of cotton to keep his cotton off the market when the price is low and unprofitable, we will have solved the problem that vexes him to-day.

I am hoping that we can amend the legislation that is pending, the bill which has been reported and the Lenroot-Anderson bill, so as to make it workable, and fix it so that the Federal Reserve Board shall not say whether cotton is eligible at the bank or not, that that board shall not have the discretionary power to say whether wheat or corn or cattle can be used as the basis for a loan, but that the law itself shall say it and give specific directions so that reasonable loans can be had. I do not want the cotton producers of my section of the country to be left any more in the hands of the discretionary power of this board and have that board used as the instrument of Wall Street to beat down the price in order that they may make a killing on speculation from the bear side of the market.

I have witnessed that. I saw the farmers of my State literally slaughtered under that grinding process. In 1920 it robbed the cotton farmers of my State of \$103,000,000.

I saw the South lose \$1,625,000,000 in 1920 under that process; and I am not going to remain silent in the Senate and permit any farm credits bill to pass if I can help it that does

not specifically set out the authority to take care of those people. It is an outrage that a great free Government like ours will permit its instrumentalities to be so used that one class of people are stricken down and robbed to greatly enrich another class of people.

I want to say this in conclusion: The Senator's amendment can be offered in another form as an amendment to the present law, the Smith-Lever Act, as it now exists, and thoroughly considered again by some committee, and we can see if some agreement can not be reached upon it. I would not like to see this amendment hitched onto a farm credit bill. I have stated that the present law is pretty good, if they will comply with it, and the power mentioned in my resolution authorizing the Secretary of Agriculture to close these exchanges if they do not comply with the law would give us a very satisfactory situation.

Mr. DIAL. Mr. President, yesterday the senior Senator from Louisiana [Mr. RANSDELL] seemed to find fault with me because I had just offered this amendment. I was called out of the city a few days ago on a sad mission, and I returned yesterday morning at 11 o'clock. At 12 o'clock I was in my seat with my amendment ready to offer, and I offered it as soon as I could get the floor.

I am glad to say that the differences between the southern Senators in this matter are growing less and I hope that we will be able to agree ere long. There are just a few points I want to clear up. The Senator from Louisiana complains that I am trying to rush this amendment through. My amendment was offered a year or two ago in the form of a bill, and I went before the Committee on Agriculture and Forestry and made a talk, and when I got through the chairman, the junior Senator from Nebraska [Mr. NORRIS], a fair man, an able man, a friend of the people, said he thought there was great merit in my bill, and that he was ready to report it. The Senator from Louisiana [Mr. RANSDELL] said he wanted to be heard. I told him I had no objection to his being heard, in fact, that I had no right to object to his being heard, but I had nothing more to say, and if he wanted to be heard, to be heard.

That was along about May, according to my recollection. On June 11, 1921, the Senator from Louisiana sent me a telegram. I was pressing for a hearing all the time before the Committee on Agriculture and Forestry. He said in this wire: Senator DIAL,

Washington, D. C.:

Please do not press action on your cotton-futures amendment until I return on the 19th. Friends insist that your amendment will destroy the exchanges, and I agree with them. Therefore it should receive closest consideration. Am detained here by very important business.

Of course, I postponed the matter until the Senator from Louisiana got back. I also received a letter from the Senator from Louisiana, dated July 7, 1921, in which he asked me again not to press the amendment, and in which he said, among other things:

I am convinced that if your amendment should be adopted it would practically destroy the exchanges.

It seemed he was not so anxious about the farmers at that time. It is immaterial to me whether it will destroy the exchanges or not. I am trying to get a fair law passed.

There is no argument made now against my amendment, and there never has been. I read the speeches of the Senator from Louisiana at the time Senator Comer offered his amendment, and, with all due respect, the Senator from Louisiana did not discuss the merits of the proposition at that time, and he never yet has discussed them.

I defy any man in the United States, inside or outside of Congress, to debate the merits of this proposition and find any defect in the amendment which I have proposed. There is nothing similar to it on the statute books or in the customs of the world in trading.

My amendment would not interfere with the number of grades of cotton tenderable. I can not make grades. Grades are grown. Nature fixes grades of cotton, and the law has recognized those grades, and the law has recognized 10 grades tenderable on the contracts. I do not interfere with that at all, except that I group them in classes and provide that at the time people who have any cotton sell contracts they must specify the kind of cotton they propose to sell. It is in line with what the distinguished senior Senator from Alabama [Mr. UNDERWOOD] said here some time ago, that he saw no reason why the members of the exchanges should not specify what they sold and deliver what they specified. That is all I ask.

Because cotton fluctuates up and down is no reason why we should not have a correct law. Cotton is now bringing only 27



or 28 cents. I hope and believe it will go higher, but that does not influence me at all. This proposition was pending here when cotton brought about 11 cents a pound. That has been the argument of the exchanges in their propaganda, and yet some Senators say, "Oh, let us soft pedal the proposition; we will interfere with the rising price," or something of that sort. Pass an honest law, and the law of supply and demand will take care of the proposition.

The Senator from Louisiana complains that more cotton is not delivered on the contracts. The reason it is not delivered on the contracts is because the owners of the contracts do not know within 10 grades what they will get, and no mill can use all of those grades of cotton.

Mr. President, the Senator from Louisiana yesterday spoke about mills buying their cotton, and said they would go to some actual broker and make contracts for cotton. That is true. I have not been in harmony with the methods of some of the mills, and probably all of them, for a long time in buying cotton. I would like to have them buy on the future market if they are going to buy ahead at all, and then be prepared to demand delivery of their cotton. Hence, the contract would bring a higher price and that would help the farmer.

Now, there are about four principal spot brokers in cotton in the United States. It is all supposed to be sold on future contracts. But now the mills go to these spot dealers, about four of whom control the whole market, and who are about as powerful as the Packer Trust, or the Steel Trust, or the Oil Trust, or any other trust in this country. Perhaps all Senators know who they are.

A mill will go to them and contract for a large quantity of cotton to be delivered in a future month, at so many points of the exchange price. Then these brokers, with these great powers of contract in their hands, will sell the contracts, will sell the future market, will depress the future market, and at the same time go out and pick up the cotton from the actual farmers, because they have a place to put it. That is the way it is worked.

They sell down the contract. The mill has already made a trade with them at so many points. To-day, while the price is about 27½ cents, I am told that good grade cotton in the South is selling 2 or 3 cents a pound higher than that. The contract does not represent the true value.

I was told the other day of a transaction at 230 points above the current month's market. So it is simply spurious, it is fictitious, it is artificial, and this method would depress and oppress and almost confiscate any business in the world. If the Creator had not favored us with the climate and the soil and the rainfall that He has, and with the best people on earth, we could not have existed.

So, Mr. President, I hope the Senate will vote for the amendment. Senators need not be afraid about changing the off-grade cotton. The amendment does not interfere with that at all except that it groups it and tries to make the contracts specific within certain classes of the cotton. They ought to specify the identical grades of cotton.

I hope the Senate will put the amendment on the bill. It is not a question of looking wrong or having a ragged bill. Consider the poor people of the South struggling over this situation. It is immaterial to them whether the bill is symmetrical or not. They are the ones who ought to be given help.

The VICE PRESIDENT (at 1 o'clock p. m.). The time for debate has expired. The question is on the amendment offered by the Senator from South Carolina [Mr. DIAL].

Mr. DIAL. On that I ask for the yeas and nays.

The yeas and nays were ordered and the Assistant Secretary proceeded to call the roll.

Mr. OWEN (when his name was called). Has the junior Senator from New Jersey [Mr. EDGE] voted?

The PRESIDING OFFICER (Mr. LADD in the Chair). That Senator has not voted.

Mr. OWEN. I transfer my pair with that Senator to the Senator from Montana [Mr. MYERS] and vote "yea."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Arizona [Mr. CAMERON] and vote "nay."

Mr. WILLIS (when his name was called). I am paired with my colleague [Mr. POMERENE], who is absent on account of illness. I transfer that pair to the Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

The roll call was concluded.

Mr. MCKINLEY. I transfer my pair with the junior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. HARRIS. I have a general pair with the junior Senator from New York [Mr. CALDER]. In his absence I withhold my vote.

Mr. GLASS. I have a pair with the senior Senator from Vermont [Mr. DILLINGHAM], but having his permission to vote as I may prefer on this question I vote "yea."

Mr. KENDRICK. I transfer my pair with the Senator from Illinois [Mr. MCCORMICK] to the Senator from Massachusetts [Mr. WALSH] and vote "nay."

Mr. CURTIS. I wish to announce the following general pairs:

The junior Senator from Kentucky [Mr. ERNST] with the senior Senator from Kentucky [Mr. STANLEY]; and

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 21, nays 46, as follows:

## YEAS—21.

Borah	George	McCumber	Underwood
Brookhart	Glass	Norris	Walsh, Mont.
Dial	Johnson	Overman	Williams
Fernald	Jones, N. Mex.	Owen	
Fletcher	King	Poindexter	
Frelinghuysen	La Follette	Shields	

## NAYS—46.

Ball	Kendrick	Nicholson	Sterling
Bayard	Keyes	Oddie	Sutherland
Capper	Ladd	Pepper	Swanson
Couzens	Lenroot	Philpotts	Townsend
Culberson	Lodge	Ransdell	Trammell
Curtis	McKellar	Reed, Pa.	Wadsworth
France	McKinley	Robinson	Warren
Hale	McLean	Sheppard	Watson
Heflin	McNary	Shortridge	Weller
Hitchcock	Moses	Smoot	Willis
Jones, Wash.	Nelson	Spencer	
Kellogg	New	Stanfield	

## NOT VOTING—29.

Ashurst	Cummins	Harris	Reed, Mo.
Brandegee	Dillingham	Harrison	Simmons
Broussard	Edge	MCCORMICK	Smith
Bursum	Elkins	Myers	Stanley
Calder	Ernst	Norbeck	Walsh, Mass.
Cameron	Gerry	Page	
Caraway	Gooding	Pittman	
Colt	Harreld	Pomerene	

So Mr. DIAL's amendment was rejected.

Mr. FLETCHER. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 41, following section 401, add the following two sections:

SEC. 402. That section 11 of the Federal farm loan act as amended April 20, 1920, be amended by adding the following:

"Fifth. To cooperate with other farm loan associations and to form among themselves State or national unions or associations, or both, for the purpose of lawfully advancing the general welfare of all farm loan associations as they may deem best, and to contribute toward the support and maintenance of such unions or associations from the general funds of each association or by voluntary contribution of the members thereof as each association may determine for itself through its board of directors not to exceed \$25 annually."

SEC. 403. That the last paragraph of the first section of amended section 32 of the Federal farm loan act, approved January 18, 1918, be further amended to read as follows:

"That the temporary organization of any Federal land bank, as provided in section 4 of said Federal farm loan act, shall be continued until the subscriptions to stock in such bank by national farm loan associations shall equal the amount of stock held in such bank by the Government of the United States. That whenever the total subscriptions to the stock of any Federal land bank made by national farm loan associations shall exceed the amount of the stock held in such bank by the United States Government, it shall be the duty of the Farm Loan Board to proceed with and perfect the permanent organization of said bank in accordance with the provisions of section 4 of the farm loan act as approved July 17, 1916."

Mr. FLETCHER. Mr. President, on April 12, 1921, the junior Senator from Montana [Mr. WALSH] introduced in the Senate the bill (S. 273) to amend section 11 of the Federal farm loan act, as amended April 20, 1920, and section 32, as amended January 18, 1918. The bill was referred to the Committee on Banking and Currency. There were hearings on the bill and some considerable attention was given to it, but the committee never acted upon it. I was always cordially and earnestly in favor of it, and have been anxious to have the legislation put upon the statute books as proposed by the bill introduced by the Senator from Montana, as I have stated. I have assumed, with his consent, to appropriate the language of his bill in offering the amendment which has just been stated. He agrees with me that it is entirely appropriate in connection with legislation where we are attempting in the last section to amend the farm loan act, and I think it is important that it should be made a part of the bill and become the law.

The reason for this proposal is, in the first place, that the present situation is not at all satisfactory to the farmers of the country, and in the next place it is unfair and unjust to the stockholders of the Federal land banks. The act of

January 18, 1918, amending the farm loan act, provides in its last clause:

The temporary organization of any Federal land bank as provided in section 4 of said Federal farm loan act shall be continued so long as any farm loan bonds purchased from it under the provisions of this amendment shall be held by the Treasury, and until the subscriptions to stock in such bank by national farm-loan associations shall equal the amount of stock held in such bank by the Government of the United States.

In pursuance of that amendment of the farm loan act, the Secretary of the Treasury purchased \$200,000,000 of farm-loan bonds. As we all know, those bonds run for a period of about 30 years; so that so long as the Treasury holds any of those bonds the temporary organization of the Federal land banks must continue. The "temporary organization" means that provided in the farm loan act, which authorizes the Farm Loan Board to name five directors for the Federal land banks; so that every Federal land bank to-day is operating under the same temporary organization provided for in the original act which was passed in 1916, and the five directors in each of the Federal land banks are appointed by the Farm Loan Board. The amendment to the law perpetuates that temporary organization and keeps it in effect so long as the Treasury holds any of the bonds which have been purchased under the provision referred to. That means that the Farm Loan Board names five directors in the Federal land banks and that such organization may continue for a period of something like 30 years; so long as the Treasury holds any of the bonds.

The system has been operating successfully from the beginning, except that when mortgage companies instituted suit attacking the constitutionality of the act, which suit was pending in the United States Circuit Court and then in the Supreme Court of the United States for a period of something like 18 months, during which time the system was paralyzed. The Supreme Court, however, rendered its decision in February, 1921, sustaining the constitutionality of the farm loan act in its entirety. After that time there was apparently considerable delay, and, in my judgment, unnecessary delay, for it was not until June that funds were provided for farmers who had put in their applications prior thereto and were in great need of accommodations. Notwithstanding the decision was rendered in February, 1921, it was not until June of that year that funds were provided as a result of the offering of farm-loan bonds. Since then the offerings have been more frequent, and in the last sale which took place \$75,000,000 worth of bonds were sold in two hours at a price above par, at 4½ per cent. So some \$700,000,000 has been found for the farmers of this country at 5 and 5½ per cent under that system.

During the course of the development of the system as originally contemplated by the framers of the act, the stock which the Government originally furnished the banks to begin with has practically all been paid back to the Government. In four of the largest of these banks the Government does not own more than a nominal amount, if any, of the stock, the stock all practically being owned by the national farm-loan associations. Eighty-seven per cent of the stock now held by all the 12 Federal land banks is owned by national farm-loan associations. Very soon in the natural course of events, within a year or less, the Government will not own one dollar of stock in any of these banks, but all the stock will be owned by the national farm-loan associations.

Did Senators ever hear of a situation where the stockholders of an institution, a corporation existing and doing business, had no voice whatever in the management or conduct of that business? In this case the national farm-loan associations are not given a voice in the selection of a single director in a single Federal land bank, although they own the stock in those banks.

Mr. OWEN. Mr. President—

Mr. FLETCHER. I yield to the Senator from Oklahoma.

Mr. OWEN. Mr. President, what the Senator from Florida says with regard to the ownership of the stock in these banks, of course, is true; but there is another consideration of very great importance. The Senator has just called attention to the fact that over \$700,000,000 worth of farm-loan bonds are outstanding. I suggest to the Senator that the United States is morally responsible for that enormous indebtedness, and that for that reason the power of the Government in connection with the Federal land banks should not be lost sight of, although a representation, and an adequate representation, of those who are participating might well be provided for.

I merely wished to make that suggestion to the Senator from Florida so that the real responsibility of the Government in the premises might not be overlooked. In modifying the law in reference to the temporary organization, I think it ought to be done with that in view. I merely rose to make that suggestion to the Senator.

Mr. FLETCHER. I fully appreciate what the Senator from Oklahoma has said, but the framers of the act had that all in mind when it was under consideration and passed. Originally the framers of the act saw exactly what is happening and what they hoped would happen, namely, that as the system developed the time would come when the stock of the banks would be owned entirely by the national farm-loan associations. They knew perfectly well also that whereas there was no legal obligation on the part of the Government respecting farm-loan bonds, there was a consideration to be kept in mind, a duty and responsibility, growing out of the fact that a bureau of the Government had absolute supervision over the entire system.

The Farm Loan Board is a bureau of the Treasury Department; it is politically organized; that is, the members of the Farm Loan Board are appointed by the President and confirmed by the Senate. That board has supervision over all of the land banks, over all the farm loan associations, over the issue of bonds, and has direction generally as to the entire system. There will be no interference with that arrangement if the amendment which I have proposed shall be adopted.

In the next place, the framers of the act realized this quasi responsibility, and that the bonds would be regarded as being issued under the supervision of governmental authority, and that, therefore, the Government would be morally bound to see that the laws were carried out and that the system should function in accordance with law and as it should function. Therefore, it was provided that three of the directors of every Federal land bank should be named by the Farm Loan Board. That provision is made in the original act, and the amendment proposed by me will not change it. Always, in every instance throughout the country as to every Federal land bank, the Farm Loan Board is authorized and empowered and directed to name three directors. The amendment proposes no change in that law at all.

The suggestion of the Senator from Oklahoma has been kept in mind at all times. It was in mind when the law was framed, and the proposed amendment in no way will interfere with it. The Farm Loan Board will name three directors on the board of directors of every Federal land bank throughout the country continuously and permanently and forever, as the law now stands, and that is not changed if this amendment I propose is agreed to. That was put in the original act, but when in 1918 the Secretary of the Treasury was authorized to buy \$200,000,000 of these bonds a provision was inserted to the effect that so long as the Treasury held any of such bonds that "temporary organization," under which the Federal Farm Loan Board names all of the directors in every land bank, should continue. That is the situation which we wish to correct. We wish to get rid of this temporary organization and put in force the permanent organization plan as provided in the original act, by which the directors are to be nine, six of whom the national farm loan associations shall elect.

Mr. President, it is an unheard-of proposition, that the stockholders of a corporation, owning all the stock of the corporation or even a majority of the stock of the corporation, shall have no voice in the selection of the directors of that corporation. It never was heard of in any country or any government or in connection with any institution of which I have ever read; and all we are asking now is that the stockholders of the Federal land banks, namely, the national farm loan associations, shall have the right to select six of the directors of the Federal land banks, leaving the Farm Loan Board full power to name three of the directors.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New Mexico?

Mr. FLETCHER. I yield to the Senator from New Mexico.

Mr. JONES of New Mexico. It occurs to me that the suggestion of the Senator from Oklahoma does not affect the amendment which the Senator from Florida is now proposing. The amendment which the Senator from Florida now proposes is to relieve the banking situation of the country of a condition which was brought about on account of the Government's holding of farm-loan bonds. The temporary organization of the land banks was to continue for the purpose of securing the investment of the Government in such bonds, but was not to be a permanent arrangement to protect the bondholders generally of the corporation. The Senator is now of the opinion that there is no longer any necessity for retaining in the Farm Loan Board the absolute control of the land banks for the sole purpose of securing the Government investment in bonds. Am I right about that?

Mr. FLETCHER. The Senator is absolutely correct as to that. There is no need at all of a continuance of complete governmental control of these banks. I do not know how many



of the bonds which the Treasury originally acquired have been taken up by the Farm Loan Board; but I know that they have taken up some of them, because in the case of the last three sales of bonds, amounting to \$75,000,000 each—and I am certain as to two of the sales, because I have a letter to that effect from the chairman of the Farm Loan Board—the subscriptions were far in excess of the offering, and those subscriptions have been utilized and applied to the purchase of bonds held by the Treasury. I am sure that some of those bonds—how many I do not know—have been taken up already, having been acquired through the sale of bonds offered by the Farm Loan Board. I know also that they are 5 per cent bonds, and the Farm Loan Board is to-day selling those bonds at 4½ per cent at a premium, so that there is no possible risk on the part of the Government; and I do not see why the Farm Loan Board does not take them all up at 4½ per cent, instead of paying the Government 5 per cent.

Mr. JONES of New Mexico. My understanding is that the Farm Loan Board have actually taken up nearly one-half the holdings of the Government of the United States.

Mr. FLETCHER. I think that is quite true.

Mr. McLEAN. Mr. President, will the Senator permit an interruption?

Mr. FLETCHER. Yes; I yield.

Mr. McLEAN. The point made by the Senator from Oklahoma was that they are instrumentalities of the Government, and that there is a moral obligation, possibly, to protect these bonds under all circumstances. That was the point he made if I understood him.

Mr. FLETCHER. His suggestion extended beyond the suggestion of the Senator from New Mexico, but it included that, I think.

Mr. McLEAN. As a matter of fact, the Government to-day owns a hundred million of those bonds. They are now in the Treasury.

Mr. FLETCHER. And they can demand payment at any time they like. I think the act provides for that.

Mr. McLEAN. In addition to that, it owns four millions of the capital stock of these banks to-day.

Mr. FLETCHER. Yes.

Mr. McLEAN. Not only that, but these obligations are joint and several obligations. Every bank in the system is responsible for the obligations of every other bank; so that you can see the necessity of very careful management of all these banks.

Mr. JONES of New Mexico. Mr. President, I think the Senator from Connecticut is quite right in his contention that the Government should have an interest in the management of these banks; but, as the Senator from Florida has well stated, that is provided for in the permanent provisions of the act.

Mr. FLETCHER. That is correct.

Mr. JONES of New Mexico. And this absolute control of these banks is only because of the circumstance that the Government of the United States owns some of the bonds, or has purchased some of the bonds. It does seem to me, inasmuch as these banks have taken up substantially all of the stock of the banks—80 per cent of it—and the purchasers of the bonds will always be safeguarded by three of the directors on these farm-loan banks, that was intended by the framers of the bill and by the Congress which enacted it to be sufficient guaranty to the bondholders. Here, however, is a mere changing situation. It is only by the circumstance that the Government has purchased some of these bonds that it retains complete control of the board of directors of the banks themselves, and the reason for that act seems to me no longer to obtain.

Mr. McLEAN. Whatever might have been the view of the framers of the act, the fact remains that the temporary management has been exceedingly satisfactory, and it has been largely due to the fact that the directors have been wisely chosen that the system has been such a success. It is my firm opinion that the board should continue to appoint a majority of the directors having the management of these institutions. If you have six of these directors representing the association and only three appointed by the Federal Farm Loan Board, they are in the minority and absolutely unable to control its policy. The fact that these bonds are selling above par is due to the administration of the system, which has been satisfactory to everyone, and it seems to me a most unfortunate time now to change the management. Why not let well enough alone?

Mr. FLETCHER. Mr. President, the purchasers of these bonds in the first instance, Series A, No. 1, bought the bonds knowing what the law was. The law was that there should be nine directors of every one of these Federal land banks, that the Farm Loan Board should name three of them and

that the national farm loan associations should select six of them. That was the law, and everybody bought the bonds knowing that that was the law. It was not until 1918 that this amendment was made making the temporary organization permanent, at the time when the Government acquired \$200,000,000 of the bonds. The "temporary organization" meant that the Farm Loan Board should appoint five directors to have charge of the affairs of the banks, respectively, under the supervision of the board.

Mr. McLEAN. And it was a very wise amendment.

Mr. FLETCHER. I am not disposed now to make any complaint about the management of the banks. We can go into that at some other time if necessary; but there has not been altogether full and complete satisfaction and assurance that these farmers were getting what they were entitled to under the present management. There have been delays all over the country, sometimes of six months to a year when waiting on appraisals and waiting on attention to the applications. Farmers have not been always able to get the accommodation to which they were entitled. The Farm Loan Board said first they thought the public would not absorb the bonds faster than they were issuing them. They were mistaken in that, because they found subsequently the public was ready and eager to take them just as fast as they put them out. They offered that as a reason for not having sufficient funds to cover the meritorious eligible applications; and then a little later they said: "We have not force enough to attend to the business fast enough to keep up with it." In reply to that the farmers could well say: "Why do you not supply the force? This stock is earning dividends everywhere. There is plenty of money to pay the people—to supply the necessary force to transact this business promptly."

Mr. McLEAN. Mr. President, I should like to ask the Senator a question. It is very likely that the issue of bonds will very soon exceed a billion dollars, and the amount will constantly increase. There is a widespread impression that the Government is morally bound to protect these obligations. Does not the Senator think that the board ought always to select a majority of the board of directors?

Mr. FLETCHER. I most emphatically do not. I say the people who own the stock in these banks ought to have at least a majority of the directors of those banks. The Government has three of them always there, selected by the Farm Loan Board.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Virginia?

Mr. FLETCHER. I can not yield just now. I will in a moment. Let me answer this question first, without trying to answer two or three at once. The Government has three of these directors there all the time. The Government has absolute supervision over the whole system through the Farm Loan Board, overseeing all of the directors. No matter who has a majority of the directors of these banks, there is the Farm Loan Board having supervision over the whole field, the whole subject, the whole system, every detail of it. Every national farm-loan association has to be chartered by it. It can deny charters. It can refuse to issue bonds.

No bonds can be issued by any Federal land bank until the Farm Loan Board approves the issue. So they have absolute supervision over the whole system, anyhow; and I say it is an outrageous proposition to claim that the Government could further insist that they must not only have general and complete supervision and control over the whole system but they must dominate and control the detailed operations of every Federal land bank in the system. It is a monstrous proposition.

The Senator from Connecticut on yesterday, together with the Senator from Virginia, when I offered as an amendment to this very bill a proposal to include farm loan bonds along with United States bonds as a proper investment for 25 per cent of the capital of these corporations organized under the provisions of this bill before they could begin business, made light of the idea and stated that the next step would be to allow Pennsylvania Railroad bonds or some other industrial or private bonds to be included in that investment. They denied that these were Government bonds. They denied that there was any Government responsibility respecting these bonds.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. The Senator declines to yield at present.

Mr. FLETCHER. In one breath it is said that the Government is morally responsible and that these bonds are instrumentalities of the Government and in the next breath it is asserted that they are private affairs and on a par with industrial, railroad, or such other securities.

Mr. GLASS. Mr. President, if the Senator from Florida will compose himself sufficiently to permit me to interject, that criticism does not apply to me at all.

Mr. FLETCHER. The Senator from Florida is entirely composed.

Mr. GLASS. I did deny that these banks were Government institutions, and I do deny that they are Government institutions, and I deny the proposition that their bonds are instrumentalities of this Government.

Mr. FLETCHER. Then the Senator takes issue with the Senator from Connecticut. That was his statement.

Mr. GLASS. Suppose I do take issue with the Senator from Connecticut? What I am saying is that if the Senator from Florida will compose himself sufficiently I will assure him that I am not antagonistic to his proposition now.

Mr. FLETCHER. I am very glad to hear that.

Mr. GLASS. But why does the Senator from Florida ascribe to me opposition to his proposed amendment?

I think his position is absolutely logical. I do not think any other position is defensible; but if the Senator wants my judgment, I will give it to him, and say that I do not think these banks will be nearly so efficiently managed by their owners as they have been managed by picked agents of the Government who understand all of the minutiae and administration of the banking business. However, I say that these banks do belong to their stockholders. If they shall insist upon it, their stockholders are entitled to manage their own property; but if you ask me if I think they are going to manage them as efficiently as they have been managed in the past, I do not. I know it is unpleasant to tell farmers that they are not bankers. I do not know whether I should be courageous enough to go among them and tell them that or not; but I say here, in the discussion of this question, that they are not bankers and they can not manage banks as bankers can.

Mr. FLETCHER. Mr. President, in the first place, there is no reason why the farmers can not select bankers as directors of this board if they want to do it. There is no obligation that all of these six directors to be chosen by the national farm-loan associations shall be farmers. There is no requirement of that sort. They may select anyone—lawyers, bankers, business men—but I am far from assuming that the successful farmers of this country, interested in this great institution for the benefit of agriculture, have not intelligence enough to elect a board of directors for these banks. I will never concede that. They have sense enough to elect Members to this body. They are competent to elect directors of banks created and established for their benefit, in which they own the stock and in the proper conduct of the affairs of which they are vitally concerned.

Mr. GLASS. They apparently have had sense enough to elect United States Senators who have not, upon the test, made very good Senators.

Mr. FLETCHER. I will say to the Senator from Virginia, if he will excuse me just one minute, that my reference to him grew out of the fact that I supposed he was in harmony with the Senator from Connecticut about these farm-loan bonds being instrumentalities of the Government.

Mr. McLEAN. That is what the law says.

Mr. GLASS. Oh, the law does not say that. The law says, if the Senator will permit me, that these banks shall be instrumentalities of the Government, agencies of the Government, just as a national bank is an agency of the Government; but the Senator does not contend that the Government is in anywise, either legally or morally, responsible for the stock of a national bank, does he?

Mr. McLEAN. If I said bonds, I meant banks. I did not say "legally" obligated. I said there was a moral obligation there, and you will find that if these bonds are ever defaulted the Government will come to the rescue.

Mr. GLASS. Mr. President, I do not think the Government is under any legal or moral responsibility whatsoever to come to the rescue of these banks. It has become fashionable when nobody has a legal claim that he can establish against the Government to talk about the moral responsibility.

Mr. WILLIAMS. The Senator is now speaking of the stock, is he not? The Federal Government, of course, has a moral responsibility in the case of the bonds.

Mr. GLASS. I do not think the Federal Government is at all responsible for the bonds. They are the bonds of a private corporation.

Mr. WILLIAMS. The bonds are fiscal instruments of the Government, and are made to escape taxation for that reason.

Mr. GLASS. Is the Federal Government responsible for the indebtedness of any national bank? National banks are instrumentalities and agencies of the Government. Senators

who are members of the Banking and Currency Committee know full well, because it has been there confessed time and time again that this provision of the bill was simply put in to make the bill itself constitutional. Strike that out and the act itself will be declared an unconstitutional enactment by the Supreme Court.

Mr. WILLIAMS. I beg the Senator's pardon. I happen to know why the provision was put in. I made the suggestion myself, and I made it upon the force and strength of the great decision in the case of McCulloch against Maryland—

Mr. GLASS. Which decided everything.

Mr. WILLIAMS. In which John Marshall said that a fiscal agency of one of our dual forms of government could not be taxed by the other, and this provision was not put in to make the bill constitutional. It was put in to make the bonds exempt from taxation by the States and the municipalities of this country.

Mr. GLASS. That provision does not make the bonds exempt. A specific provision of the act exempts the bonds, and this provision was put in to make the exemption constitutional; that is all. It was never intended that the United States Government should be peculiarly responsible for the bonds of these private corporations.

Mr. FLETCHER. That was the main feature of the law that these private money lenders and bankers attacked—that is, the provision for tax exemption—and its constitutionality was brought into question.

Mr. GLASS. Does the Senator from Florida contend that the United States is morally responsible for the bonds issued by the joint stock land banks?

Mr. FLETCHER. I do not think there is a legal or moral responsibility.

Mr. GLASS. Certainly not.

Mr. FLETCHER. But I do say that inasmuch as the Government supervises and controls the whole system through a bureau, without raising the question of responsibility, they ought to stand back of the system.

Mr. GLASS. Does not the Government supervise and control the entire national banking system of the United States by a czar here in Washington? Is it in any sense, either legally or morally, responsible for the obligations of the national banks?

Mr. FLETCHER. The Government generally exercises diligence and makes every possible effort to see that the depositors in those banks are taken care of. They watch that pretty closely.

Mr. GLASS. Oh, yes; but from time to time a national bank fails. Does the Senator know of one single, solitary instance in which it has been seriously contended that the Government has any responsibility whatsoever for the indebtedness of such a bank?

Mr. FLETCHER. No; I think the Government is not responsible in such a case as that. But I want to complete this statement. When I referred to the statement of the Senator from Virginia I had in mind his observation yesterday, when I proposed that amendment allowing the investment of the capital of these corporations provided for in this bill in farm loan bonds, as well as Government bonds. The Senator made some reference to the proposition as being equivalent to a proposal to make railroad bonds eligible as investments for the capital of such corporations, to be deposited with the Federal reserve bank before they could do business and in the nature of reserves.

Mr. GLASS. I did. I was denying on yesterday, and I am denying now, that these banks are Government institutions.

Mr. FLETCHER. But they stand altogether on a different basis—

Mr. GLASS. I was opposed to the Senator's amendment, of which he is now speaking.

Mr. WILLIAMS. Mr. President, the stock of these banks is one thing, and the bonds are another thing. There is not a man in America who bought those bonds who did not believe, and who was not justified in believing, that the Federal Government was behind them. The Senator from Virginia says, very truthfully, of course, that the Federal Government never made good any losses of a national bank to its depositors, but the Federal Government made good the bonds, which were the basis of the circulating notes of the national banks, and was behind those bonds, and therefore indirectly behind the circulating currency based upon the bonds. When the question came up in the committee the chairman of the committee talked to me about it, and asked me how we could secure the exemption of these bonds from State and municipal taxation. I called his attention to the great case of McCulloch against Maryland, and told him that John Marshall had based his decision in that case upon an utterance to the effect that they were fiscal



agencies of the Federal Government, and therefore the State of Maryland could not tax the United States Bank, as it was then called, and that if Congress pronounced them to be a fiscal agency of the Federal Government, surely no court would go behind its pronouncement. That is the history of the transaction.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I yield.

Mr. SMOOT. Mr. President, I doubt very much whether it is not believed generally by the people of the United States that the Government is responsible for the issue of the bonds by the joint-stock land banks. I agree with the Senator from Virginia that the Government is not responsible, but when I see these joint-stock land banks advertising in all of the great papers of this country, virtually telling the American people that the Government of the United States is responsible for the issue of those bonds, I know that if any failure comes the losers would immediately say that the Government took no action at all to deny the advertisements in these great papers.

Mr. FLETCHER. They have no right to advertise in that way.

Mr. SMOOT. I am aware of that, and I say now, as I said here a few years ago, that I think it ought to be stopped. I think the Government of the United States ought to tell those joint-stock land banks that they can not advertise as they have done in the past.

Mr. FLETCHER. I think if that sort of advertisement is brought to the attention of the Farm Loan Board, the Farm Loan Board will stop it, because they have control over the matter of the security back of and the issuing of those bonds.

Mr. WALSH of Montana. I venture to say that the Federal Trade Commission would have jurisdiction in that case.

Mr. SMOOT. I have in my office advertisements from all parts of the country along that line.

Mr. GLASS. May I ask, right at this point, if the contention here that these bonds are instrumentalities of the Federal Government, and that the Federal Government is morally bound to redeem them, is correct, why may not these banks advertise the fact? Senators want to prosecute them for advertising the very fact they assert is a fact and which I assert is not a fact.

Mr. SMOOT. I agree with the Senator.

Mr. GLASS. I know, but the Senator from Florida does not agree with the Senator from Virginia, and he is proposing now to prosecute these banks for doing what he says they have a right to do.

Mr. FLETCHER. I have agreed with the Senator that there is no obligation on the part of the Government in respect to these joint-stock land bank bonds.

Mr. GLASS. And in respect to the others?

Mr. FLETCHER. And in respect to the others.

Mr. GLASS. If I may intervene right there, the Senator from Mississippi, who, I am sorry to say, has left the floor, referred to the fact that the Government is responsible for the bonds of national banks. I call his attention to the fact that since the adoption of the Federal reserve system the national banks no longer have to buy United States bonds, and he can not apply his argument to national banks which have been organized since the passage of the Federal reserve act.

Mr. NORRIS. I think the Senator ought to include in that that the bonds he referred to were not the bonds of the national banks at all.

Mr. GLASS. They were bonds of the United States Government.

Mr. NORRIS. They were bonds of the United States, hence there can be no application of that argument to them.

Mr. GLASS. The requirement that national banks should buy them as a basis of their circulation was contended by the national banks to be a hardship rather than an advantage. So we have abolished that system entirely, under the Federal reserve act, and since the adoption of the Federal reserve act, in 1913, no national bank which has been organized has been required to supply itself with United States bonds. Therefore the argument fails.

Mr. FLETCHER. I have never contended that either the Federal land bank bonds or the joint-stock land bank bonds were obligations of the Government.

Mr. GLASS. Then there is no difference between the Senator and me.

Mr. FLETCHER. None at all. I was pointing out that the objection was raised yesterday to my amendment to include farm loan bonds as a part of the investment of the capital of

these corporations to be organized under this bill, which they are required to deposit with the Federal reserve bank, and the Senator from Connecticut joined with the Senator from Virginia and objected, and the Senator from Virginia said that you might as well propose Pennsylvania Railroad bonds. I do say they stand on a different footing from bonds issued by a private concern, a railroad or any other private enterprise, because there is a certain responsibility here on the part of the Government growing out of the fact that the law gives a bureau of the Treasury power to supervise and control this entire system, and out of the fact that the Government, through the Farm Loan Board, names three directors of every one of these Federal land banks, permanently and continuously.

There is a certain consideration to be given to that situation, and I am not objecting to it. I am willing to continue that, but I am not willing to perpetuate a board of five directors in each of these Federal land banks, every one of whom is named by the Farm Loan Board, while no national farm loan association, although they own the stock of these banks, has a voice in the selection of a single director in a single bank. That is a situation that is intolerable.

I have on my desk over a hundred letters, from every State in the Union, from various secretaries and treasurers of farm loan associations, complaining about that situation and insisting that the farm loan associations owning the stock of these banks ought to be permitted to exercise the functions prescribed in the original act, and they should. That is what we are trying to accomplish, and that is what we are asking—that we go back to the original act providing that three directors shall be named by the Farm Loan Board and six directors be elected by the national farm loan associations whenever they own a majority of the stock in these banks, and that today embraces all the 12 land banks.

I venture to say that three directors who would undoubtedly be named by the farm loan associations would be those very capable men, those trained and experienced men, who have thus far been managing these banks. They will undoubtedly be continued in those positions. The president, the vice president, and the secretary or treasurer, three of whom at least have had to do with the management of these banks, will undoubtedly be continued as directors by the Farm Loan Board wherever they are giving satisfaction. Nobody can complain about it or would complain about it. We rather wish that may be done. As far as I am concerned, I think it ought to be done. It does seem to me that if you have three capable, experienced men in every one of these banks—the president of it and the other two strong men—they ought to be able to convince any six new men you might select as members of that board that they are discharging their duties faithfully and well, and they ought to be able to control that board as to its policies and as to its operations.

Mr. LENROOT. Mr. President, I would like to ask the Senator what benefits he thinks would accrue to the stockholders from the control of the banks by the stockholders?

Mr. FLETCHER. In the first place, we get rid of this dissatisfaction; we get rid of this feeling that the stockholders are not being fairly and justly dealt with. That would be a helpful thing—a demonstration that you want to be fair and just in the conduct of this great enterprise.

In the next place, while I would not venture to go into all the details of the conduct of the business of these banks, I can see a good many ways where the stockholders might be benefited if they had a voice on the board of directors. I might mention at the moment there is the matter of dividends. The stockholders are interested in the dividends. If these banks hold back the dividends and do not pay them out, that is a question the directors would have some voice in. I am advised these dividends have been held back in some instances.

Mr. HITCHCOCK. Will the Senator state where that is being done? My information is just to the contrary.

Mr. FLETCHER. I can give the Senator the details of that from letters.

Mr. HITCHCOCK. Will not the Senator do it now?

Mr. FLETCHER. It would take a little examination, and I have not my files all here now. I have referred to letters, and I have a hundred or more of them here. Some of them mention that the dividends are not being paid in the way to give the benefits to the people who are entitled to them.

Then this situation has arisen: Here is a national farm-loan association. One of the members of that association has failed to keep up his interest payments. Out goes the word from the Federal land bank, "We will receive no more applications from that association until that default is made good." Notwithstanding the fact that the Federal reserve bank has in

its hands in the form of dividends on the stock that should go to the national farm-loan association far in excess of the amount of that default in interest, they stop the business of the farm-loan association because one member is in default, although his obligation is indorsed by the whole association and is a perfectly safe asset. He may have defaulted a few months in his interest, but there is no danger of any loss, because the farm-loan association of which he is a member is obliged to make it good if he does not. In addition to that there are dividends held by the farm-loan bank to which that association is entitled exceeding the amount of the default, and still they say, "We will entertain no more applications from that association until that default is made good."

That is just an illustration. If the farm-loan associations were represented on the board of directors they would have something to say about that situation. That is an answer to the question as to kind of benefit the stockholders might get if they were represented on the board of directors.

Mr. HITCHCOCK. Mr. President, the Senator takes the position that if the farmers were represented and had control of the board of directors, the board of directors would not enforce the collection of interest.

Mr. FLETCHER. Not at all; but they would not paralyze the association until it was necessary to do it in order to secure the payment that was due and as to which there was no danger of loss.

Mr. HITCHCOCK. Let me ask the Senator if when the individual is at fault the association is not responsible?

Mr. FLETCHER. Yes; that is what I said.

Mr. HITCHCOCK. Suppose it fails to pay, what would be done? The bank has to pay the interest on the bonds.

Mr. FLETCHER. The association would pay.

Mr. HITCHCOCK. The Senator was citing a case in which the association does not pay.

Mr. FLETCHER. The association in that instance was not called on to pay, as I recollect. It was simply notified that they would receive no more applications from that association; but even if the association were called on to pay and did not pay, if the bank had dividends in its possession belonging to the association far in excess of the amount due, why should the business be stopped?

Mr. HITCHCOCK. Does the Senator think the bank should take that money and apply it upon that loan?

Mr. FLETCHER. Yes; they have the right under the law to do that very thing.

Mr. HITCHCOCK. To credit that individual with his interest?

Mr. FLETCHER. They can charge that dividend up to any default by the association. They can protect the bank fully under the law without destroying the association.

Mr. HITCHCOCK. But the Senator thinks they should not enforce collection from the association?

Mr. FLETCHER. I think they should, but I think they ought to be reasonable about it.

Mr. HITCHCOCK. Was it not the very fundamental basis of the act when we passed it that the strength of it was that if the individual defaulted the association would pay?

Mr. FLETCHER. Precisely.

Mr. HITCHCOCK. That is what makes the bonds good.

Mr. FLETCHER. There is no risk or danger anywhere; but to take an arbitrary position with respect to the transaction of the business of the bank, just because they have the power to do it and are able to do it, is a thing they ought not to be permitted to do, and they would not be permitted to do it and they would not attempt to do it if the farm loan associations were represented properly on the board of directors. I do not think that is general, but it has happened.

Other times there are delays, tremendous delays. I have complaints upon my desk showing that unquestionably that is true in various parts of the country. It was particularly true a year ago where farmers made applications, and the applications were passed upon and there was no question about the security, but they were simply notified by the bank: "We do not know when we will get to your application. It may be three months or it may be six months. As soon as we can we will take it up." That is not the proper way to treat the people who are entitled to the facilities and the benefits from the system, and they would not treat them that way if they had a voice on the board of directors which runs the affairs of the bank.

Mr. HITCHCOCK. I want to say to the Senator that the complaint he makes does not apply at least to the eighth district, which bank is located in Omaha. In that district no such complaints are made, and the associations are overwhelmingly in favor of leaving the law as it is at present.

Mr. FLETCHER. Without any representation on the board of directors?

Mr. HITCHCOCK. Yes. The association in the eighth district is very highly satisfactory. The only interest the members have in the operation of the bank is the paying of the dividends upon the stock. They have received in one year 6 per cent, 6 per cent in another year, 8 per cent, 10 per cent, and now a dividend of 15 per cent. They have had a splendid investment in the stock in the operations of the bank.

Mr. FLETCHER. Well, they ought to have.

Mr. HITCHCOCK. The associations are composed of the people who have the loans. They are not interested in the making of the loans.

Mr. FLETCHER. They ought to be receiving new members all the time. They do not wind up their business in that way. They require 10 farmers or more to meet and qualify and organize the association. As soon as they are supplied with loans that is not the end of the association. They are supposed to take in other members, and it is supposed to be a going concern.

Mr. HITCHCOCK. I realize that it is supposed to be a going concern, but the statistics show that only one-tenth of the members attend the meetings. They are satisfied when they have made their loans. All the associations are run by the secretary-treasurer.

Mr. FLETCHER. Right on that point I will ask the Senator if he knows of any corporation, any great life-insurance corporation, any railroad corporation, any banking corporation, any corporation at all where the stockholders meet and act regularly upon the business of the corporation. He knows perfectly well that they elect a board of directors and depend upon their directors to run the affairs of the corporation. At the annual meetings the stockholders rarely attend in person. They are generally represented by proxies.

Mr. HITCHCOCK. I am now talking about the annual meeting of the stockholders where the directors are supposed to be elected. The statistics show that only one-tenth of the members attend. Why? It is because they are satisfied with the way things are going and are satisfied with the dividends. They have their loans and have not any further interest in the matter.

Mr. FLETCHER. I think the Senator underestimates the interest which the members of the associations take generally in their organizations. I can see perfectly well how there is no occasion for the members to go great distances to attend a meeting of the National Farm Loan Association when they have elected directors and a secretary-treasurer to look after it.

There is another rule of the Farm Loan Board which has been laid down and for which I can find no authority in the law. That is, that members are not allowed to vote by proxy at the meetings. Under the national banking act they are expressly given the right to vote by proxy. Under the various other organizations it is my understanding they can vote by proxy.

Mr. HITCHCOCK. Is not that due to the fact that the law does not allow a man to sell or hypothecate his stock? He can not assign it, but must hold it in person.

Mr. FLETCHER. I do not think that has anything to do with it. Why can not the members of the farm loan associations, scattered over a great area, long distances from headquarters, say, "Here, Mr. Secretary-Treasurer," or anyone else, eliminating the officers and designating some one else, "go and attend that meeting. Here is my proxy. Represent me at that meeting"? Why can they not be allowed to do that? There is no law against it, nor is there any law upon which a regulation of that kind can be based. Why should the Farm Loan Board lay down the rule that proxies are not allowed in the meetings and that the members must personally attend the meetings in order that the business may be transacted?

That is just one more thing which is an illustration of the domination of the whole system by a politically appointed board here in Washington. I think it is not a satisfactory situation, and I can see perfectly well how the farmers all over the country should feel as they do about it. I have not had the time to examine all these letters. I have checked over the general effect of them. I do not question the Senator's word as to what has taken place in Nebraska.

They are having a very successful organization there and doing good business, but I remember some time ago when the matter was up the Senator said everything was perfectly satisfactory out there and I produced a letter from one of the secretary-treasurers representing a farm loan association which was a member of that bank, and at the time that letter did not agree with the Senator's view. Now here is the letter which I just happened to run across from Farnam, Nebr., from the



secretary-treasurer of the Farnam National Farm Loan Association. He writes me as follows:

If there is anything the farmers do want, it is freedom from political control, and this is especially true of this loan system. It is becoming more popular every day as they get to see the advantages of it, and it seems a shame it can not be left unchanged.

That is, he opposes any change in the original act, and this amendment simply proposes to take us back to the original law. I have no doubt I could show plenty of similar letters.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. FLETCHER. Certainly.

Mr. LENROOT. I would like to ask the Senator if the primary object and purpose of the law was not to afford money to the farmer, upon the terms laid down in the law, at the lowest possible rate?

Mr. FLETCHER. Yes; I think so.

Mr. LENROOT. That was the primary purpose and object of the law?

Mr. FLETCHER. And on terms adapted to the needs of agriculture.

Mr. LENROOT. Now, ought not the test of the action upon this amendment to be just this: Will the farm loan bonds, if the management be under the local association, be as attractive an investment and will they carry as low a rate of interest as they are carrying under the present system?

Mr. FLETCHER. I think so.

Mr. LENROOT. If any Senator believes otherwise in the interest of the farmer, is it not his duty to vote to continue the present system?

Mr. FLETCHER. Of course each Senator can pass on that to suit his own conscience and judgment. My judgment is that the bonds would be every bit as good in the market and the whole system would be just as thorough and just as good when the national farm loan associations have the voice that the law originally prescribed they should have, namely, to elect six of the directors of the bank, leaving the farm loan association to name three, as obtain under the temporary organization when the Farm Loan Board appointed a board of five directors as now. The intimation is the national farm loan associations are borrowers, and the borrowers ought not to elect directors in these banks. I submit that these borrowers have their homes and everything they possess at stake. They are vitally interested in seeing that the bonds are fully secured, the affairs conducted in an honest and efficient manner, and that the system be a pronounced success in every detail. There is no comparison between their interest and their responsibility and the interest or obligation of five political appointees named by a bureau in Washington.

Mr. WALSH of Montana. I think the answer to the question addressed to the Senator from Florida by the Senator from Wisconsin is tested by the rate of interest which the original issues bore prior to 1918.

Mr. FLETCHER. I had referred to those.

Mr. WALSH of Montana. Those were issued under the law then existing, which contemplated that as soon as \$100,000 capital was subscribed by the association, the association should control two-thirds of the directors. I do not remember that there was any difficulty about negotiating the bonds nor that they were obliged to pay any exorbitant rate of interest upon them.

Mr. FLETCHER. The bonds sold readily. I said a few moments ago they were sold when the purchasers knew precisely what the law provided respecting the permanent organization of the banks, which, if the law had been put into operation, would have given long ago six directors chosen by the National Farm Loan Association and others by the Farm Loan Board in each Federal land bank.

Mr. NORRIS. Speaking from recollection only, I think the rate of interest on those bonds was a little less than it has been under the new management. There may be other causes, of course, but my recollection is that they were 4 per cent bonds straight. I may be wrong.

Mr. FLETCHER. I think there is no sort of foundation for any notion that the bonds would not have the confidence of the public and be just as salable on the market at as low a rate of interest under the management prescribed by that act as under this temporary management, and my judgment is they ought to be better. They ought to be safer. The temporary management is a part of the purely political management of the entire system.

No political appointees can be as vitally concerned and have as much at stake as the men who are directly related to the business involved, and all they have depends practically on the success of the whole enterprise.

Mr. McLEAN. Only yesterday a gentleman spoke to me about that very point. He said, "I intended to buy some of those bonds, but if the control is going to be taken out of its present hands I shall not buy them."

Mr. FLETCHER. Of course, he may have had some purpose in making that statement. There will be no lack of buyers.

Mr. McLEAN. Investors are pretty sensitive. That is why I am opposed to the amendment. I do not see any need for it. The Senator from Florida knows that the member of the Federal Farm Loan Board who appeared before the committee testified that the minute a member of an association obtained his loan he lost all interest in the association and that he could not be induced to take any further interest in it. I think that is true to a large extent. Out of the membership of farm loan associations throughout the United States the Senator from Florida may have received 100 letters.

Mr. FLETCHER. Such letters are coming in every day, a dozen or more of them a day.

Mr. McLEAN. I know that some gentlemen who represent the agricultural interests of the country seem to be intensely interested in this matter. That is their business. They are good men; they draw large salaries, and when they get one bill through in the interest of the farmer they must have another pending at once or they will be out of a job. I do not criticize them; they mean well, and many of them are fine men; but they have got to have something to propose all the while. So as soon as we pass one bill on comes another. It is very easy for those men, representing various associations, to accumulate a large number of letters such as the Senator from Florida has received. I do not know that the men to whom I have referred are responsible for them, but it is easily done.

Now I wish to say to the Senator from Florida that the member of the Federal Farm Loan Board who appeared before the committee testified that he did not believe we could get the associations to take the interest which they ought to take in order to appoint directors; that the selection would be left to some politician in the district, who would work the thing up; that the real farmers did not care anything about it; and I think he was right in reference to that.

Mr. FLETCHER. In reference to the observations of the Senator from Connecticut, I desire to say that no farm bureau is back of these letters. I have been receiving inquiries from various farm-loan associations in different parts of the country with regard to legislation which is pending here. Of course, they are interested in that subject. The letters came in such quantities that I could not answer in detail every single letter which came to me, so I prepared a kind of circular letter which was an answer, as I saw it, to inquiries as they were put to me. I manifolded it, and I sent it out. Other letters and suggestions have come in response to my letter. That, however, has nothing whatever to do with the matter. The Senator from Connecticut can ascertain, if he desires to do so, or I can furnish him proof, that the national farm-loan associations desire representation on the boards of directors of the Federal land banks.

Mr. McLEAN. Right there I will say to the Senator from Florida that I think the wise solution of this problem would be to give the associations two directors and let three of them remain appointees of the Federal Farm Loan Board. I think the majority should be appointed by the board; but I am perfectly willing that the farmers, if they desire representation, should have it. The Senator's amendment, however, goes too far; it proposes to give six directors to the associations and that only three shall be retained by the board.

Mr. FLETCHER. Going back a little further than the present situation, I desire to say that when the act was originally framed it was provided that the permanent organization should consist of nine directors for the Federal land banks, three to be named by the Farm Loan Board and six to be selected by the national farm loan associations. I do not see why that is not the right number. I know that during the pressure following the decision of the Supreme Court of the United States the Farm Loan Board complained about the inadequacy of their force in disposing of the business that had been put up to them. I think the Federal land banks need nine directors instead of five, and I think they ought to have nine directors.

Then, as to the control, even when the system was in its infancy the original act provided that whenever \$100,000 worth of the stock in any one of the Federal land banks should be owned by national farm loan associations the permanent organization should then immediately take place and those associations should then select six directors. The amendment provides that

when a majority of the stock is held by the national farm loan associations the permanent organization shall take place. It modifies the original act to that extent.

Mr. McLEAN. A change has not been made, because experience has shown that the temporary management has been so good and so satisfactory that the probabilities are if we undertake to improve upon it we shall make a mistake.

Mr. FLETCHER. No; I do not think that follows at all. One reason, at least to my mind—and I am going to defer to the Senator from Montana [Mr. WALSH] as to that—is that there is not a single land bank of which the national farm loan associations do not own a majority of the stock.

However, Mr. President, I have dwelt longer than I intended on this subject. I know the Senator from Montana has examined it very thoroughly; it is his original proposal; and I am not going to take up much further time. The fact is that the interruptions have rather interfered with the logical order of the remarks which I intended to make and have consumed more time than I feel was warranted.

I might, however, allude to just one other thought with reference to the farm loan associations as to which I have not yet said anything. I refer to the first section of the proposed amendment which provides that the National Farm Loan Associations shall be permitted to use not exceeding \$25 a year of their funds in furthering their own welfare by establishing unions or assemblies or holding meetings or conventions or doing whatever they may see fit to do in looking after their interests. They need to look after those interests. They are a long way from Washington. Proposals are being made at various times affecting the farm loan act and the system generally. They need somebody to keep them informed about what is going on here and to advise them with reference to these various moves. There is a proposal now being presented which, if agreed to, would destroy the tax-exempt feature of their bonds. Situated as they are in remote portions of the country, they are not prepared to oppose that sort of movement, and yet the movement is inspired from purely selfish motives, in my judgment. It is a matter of vital importance to the National Farm Loan Associations. The provision in the first paragraph of the amendment would enable them to make this expenditure for the purposes indicated. I think they, perhaps, have the right to do it now; but their right to do it has been questioned by the Farm Loan Board. I think the Farm Loan Board made a mistake; that they ought to welcome the cooperation and enthusiastic interest of every farm loan association in this country; but their effort seems to be to shackle the farm loan associations. The farm loan associations embody the cooperative principle of the act; the whole system is founded upon the National Farm Loan Associations. They represent the purely cooperative spirit behind the legislation, and they ought not to be destroyed; they ought to be stimulated; they ought to be encouraged; they ought to be helped everywhere.

Not only was it my contemplation that they should constitute the basis of the system in connection with their financial operations but that they might be the nucleus around which cooperative organizations generally might be formed by those engaged in agriculture, organizations looking to cooperative marketing, cooperative distribution, civic improvement, and various other movements affecting the welfare of the people of the country, tending to make life more attractive in the rural sections, and promoting their advantage and benefit in wide fields which concern their daily life.

The national farm-loan associations are important. They themselves ought to be able to cooperate and organize in a way that would protect their interests, and in that way protect the welfare of the various communities in which they exist.

Mr. President, I will not take any further time. As I have said, I know the Senator from Montana is familiar with this question, and I hope he will discuss it.

Mr. WALSH of Montana. Mr. President, the amendment offered by the Senator from Florida consists of two distinct paragraphs, apparently unrelated to each other, and yet, as the discussion develops, it will be perceived that there is a principle common to both of them. The first paragraph provides that farm-loan associations may devote of their general funds a sum not to exceed \$25 annually to meet the expenses of membership in a national association of farm-loan associations.

When this law was in its infancy and the bill was before Congress for enactment, those who were its friends felt that it was the most important experiment in cooperation. It was believed the cooperative principle was the correct principle upon which a Federal farm-loan law should be enacted. It was believed that the farm-loan associations would be cooperative in character and that the land banks would be cooperative banks, owned by the local associations representing their farmer mem-

bers. No one can doubt that that was the purpose of the framers of the law; and that eventually the operations of the land banks, as well as of the associations themselves, would be controlled by the farmer stockholders. That there would be common interests between the various land banks and between the various members of the association, of course, is entirely obvious. They are interested necessarily in the law itself, in the administration of the law, and, more particularly, in the numerous amendments which from time to time Congress is asked to enact to the law.

Having this matter in mind, a number of the associations and persons more or less directly interested in their welfare organized what was known as the National Union of Farm Loan Associations, with headquarters in the city of Washington. It was an organization through which the wishes and desires of the members of the local associations could find expression.

It was an organization through which the Congress could learn what the various members were thinking of in connection with this legislation and with the enforcement of it. Quite a number of these local associations were desirous of becoming members of the union, which required the payment of annual dues to the amount of \$10 per year. They were desirous of becoming members of the association and of contributing to its treasury, for the purposes indicated, that small sum of money. The Farm Loan Board, however, frowned upon this organization and lent it no encouragement. They even went so far as to send out a notice, circular in nature, carrying plainly an intimation that the devotion of even such a small sum as \$10 per year toward the expenses of this organization would be regarded by the Farm Loan Board as a misapplication of the funds of the association which would subject the officers authorizing it to prosecution criminally for embezzlement or some related offense.

The pertinent provision of the law is found in section 7 and reads as follows:

The reasonable expenses of the secretary-treasurer, the loan committee, and other officers and agents of national farm-loan associations, and the salary of the secretary-treasurer shall be paid from the general funds of the association, and the board of directors is authorized to set aside such sums as it shall deem requisite for that purpose and for other expenses of said association.

It would, I think, require no very liberal construction of the statute to which I have referred to justify the making of these payments, notwithstanding the Farm Loan Board felt impelled to take the course which I have indicated; and consequently express authority for making these expenditures is asked by the first paragraph of the amendment offered by the Senator from Florida.

Mr. President, that simply indicates the disposition concerning this matter which is also made manifest in the other paragraph of the amendment offered by the Senator from Florida, to which I shall presently address myself. The idea is that these people ought not to be permitted to handle this business for themselves; that the whole institution, instead of being cooperative in its character, as was contemplated at the time the law was passed, should be paternalistic in character; and that their interests should be taken care of by the Farm Loan Board here in the city of Washington, who could manage their business for them very much better than they could themselves. They wanted to get together in the form of a national association so that they could confer together conveniently and effectively, but the Farm Loan Board apparently thought that was a very unwise thing to do, and consequently, as I say, put its ban upon the expenditure.

I do not think that feature of the matter needs any further consideration. I entertain no doubt that the Congress will be very glad to allow this trifling expenditure for the purpose indicated.

The other matter, however, is one of some very considerable consequence. As I have indicated, the law was enacted as an expression of the cooperative principle. If it had not been thought that that was a wise principle upon which to enact the legislation and to found these institutions, we would have adopted some other plan. It will be recalled very well that at that time it was proposed that the Government itself should loan the money directly to the farmers or through some such intermediate agency as the bank, the thing having no cooperative features whatever; but no one really gave very great support to that idea. The cooperative principle was regarded by all as the correct principle upon which the institutions were to be founded. Accordingly the law provided that each one of the local associations should be obliged to subscribe for stock in the land banks to the extent of 5 per cent of their capital stock, respectively. The Government set the institutions going by providing the initial capital, required by the law to be not



less than \$750,000, the provision of the act with respect to that being as follows:

That every Federal land bank shall have, before beginning business, a subscribed capital of not less than \$750,000. The Federal Farm Loan Board is authorized to prescribe the times and conditions of the payment of subscriptions to capital stock.

Stock owned by the Government of the United States in Federal land banks shall receive no dividends—

And so forth.

In view of that situation, the Government of the United States, providing the initial capital, it was provided, and very properly provided, that the Government of the United States, having provided the capital under which the banks were to operate, should have control of the board of directors; and so it was provided as follows:

Each Federal land bank shall be temporarily managed by five directors appointed by the Federal Farm Loan Board. Said directors shall be citizens of the United States and residents of the district.

They conducted the business of the bank when it began its operations, but it was further provided as follows by the same section—section 4:

After the subscriptions to stock in any Federal land bank by national farm loan associations hereinafter authorized shall have reached the sum of \$100,000 the officers and directors of said land bank shall be chosen as herein provided and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers selected under this section.

How were those officers to be selected? The next paragraph prescribes:

The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of nine members, each holding office for three years. Six of said directors shall be known as local directors, and shall be chosen by and be representative of national farm loan associations; and the remaining three directors shall be known as district directors, and shall be appointed by the Federal Farm Loan Board and represent the public interest.

Bear in mind, the Government of the United States provides \$750,000 of the capital, and when the capital thus subscribed by the Government is retired to the extent of only \$100,000 the temporary arrangement is to cease, and the control is, as indicated, to pass to the subscribing associations. Under that law all of the bonds of these associations were issued until we got into the war, when the bond market was in such a situation, in view of the fact that the Government was putting out its Liberty bond issues and that kind of thing, that it was deemed inadvisable to offer in the market these farm loan bonds, and a law was passed authorizing the Government of the United States to subscribe for the bonds of the farm loan banks to the extent of \$250,000,000. That was the act of January 18, 1918, the pertinent provision reading as follows:

The Secretary of the Treasury is further authorized, in his discretion, upon the request of the Federal Farm Loan Board, from time to time during the fiscal years ending June 30, 1918, and June 30, 1919, respectively, to purchase at par and accrued interest with any funds in the Treasury not otherwise appropriated, from any Federal land bank, farm loan bonds issued by such bank.

Such purchases shall not exceed the sum of \$100,000,000 in either of such fiscal years. Any Federal land bank may at any time repurchase at par and accrued interest for the purpose of redemption or resale any bonds so purchased from it and held in the Treasury.

The bonds of any Federal land bank so purchased by the Secretary of the Treasury, and held in the Treasury under the provisions of this amendment one year after the termination of the pending war, shall, upon 30 days' notice from the Secretary of the Treasury, be redeemed or repurchased by such bank at par and accrued interest.

Now:

The temporary organization of any Federal land bank as provided in section 4 of said Federal farm loan act shall be continued so long as any farm loan bonds purchased from it under the provisions of this amendment shall be held by the Treasury, and until the subscriptions to stock in such bank by national farm loan associations shall equal the amount of stock held in such bank by the Government of the United States.

Accordingly, by virtue of the provisions of this act, the temporary organization of these land banks was continued so long as the Government should hold any of these bonds. The land banks were given the opportunity to call in these bonds; but so long as the land banks are controlled by six directors appointed by the Farm Loan Board these bonds will not be repurchased, nor will they be called in until, of course, the Farm Loan Board gets ready to have them called in. Now, it is perfectly well understood that the Farm Loan Board does not want the control of these land banks to pass into the hands of the associations. It wants to control these land banks itself, to select six of the directors of the banks, who, of course, will be obliged to conform their policy to the policy of the Farm Loan Board.

It is also here provided, as will be observed, that the control of the Farm Loan Board shall continue not only until these bonds thus held in the Treasury are disposed of, but also as long as the Government of the United States remains the owner of as much as one-half of the stock of the land banks. Ob-

serve the original law provided that the control should pass into the hands of the associations when the amount of the stock owned by the associations was \$100,000. If the stock was \$750,000, by this amendment the temporary organization would continue until the associations held not only \$100,000 but one-half of \$750,000, namely, \$375,000; and that feature, Mr. President, is continued in the amendment offered by the Senator from Florida. That is to say, by the amendment offered by the Senator from Florida the law is made more unfavorable to the associations than was the original law itself under which the original bonds were issued.

Something was said about whether these bonds could be sold at as low a rate of interest if the law were changed. Why, Mr. President, as has been disclosed here in the course of the debate, the original bonds issued by these farm loan banks under this law which gave the associations control of the affairs of the banks when they were the owners of only \$100,000 of the capital sold readily upon the market, and at rates of interest that were entirely satisfactory and as low as they ever have been sold; but it is not proposed to go back to that. It is not proposed to go back and to pass control of these banks to the associations until at least \$375,000 of the capital is subscribed by these associations. What is the situation with respect to this stock? The last report of the Farm Loan Board which is available to me is that returned to the Congress under date of January 7, 1922, by the Secretary of the Treasury. It is there disclosed that the Government of the United States originally subscribed for stock in these land banks to the amount of \$8,892,130, and that there has been retired of that stock \$2,293,360, leaving the Government of the United States now the owner of \$6,598,770 of that stock, the retirement having taken place under this provision of the law, namely:

After the subscriptions to capital stock by national farm loan associations shall amount to \$750,000 in any Federal land bank said bank shall apply semiannually to the payment and retirement of the shares of stock which were issued to represent the subscriptions to the original capital 25 per cent of all sums thereafter subscribed to capital stock until all such original capital stock is retired at par.

That is to say, Mr. President, it was contemplated in the original act that the associations should eventually absorb the stock originally contributed by the Government. How much of this have the associations contributed? The same report shows, as I have indicated, that the Government now owns of the stock of these land banks \$6,598,770 and that the national farm loan associations own \$21,109,215, and it is proposed to continue this arrangement, under which the owners of six millions of stock have six representatives upon the board of directors and the owners of twenty-one millions of stock have but three.

It is said that that is a good arrangement; that is to say, the Government of the United States ought to remain in the control of these banks; that we ought to abandon altogether the cooperative principle; that it is not sound; that we can not trust to the operation of the cooperative principle, and that we ought to adopt the paternalistic idea of the Government running and controlling these banks through its control of two-thirds of the directors of the banks.

I know there are many people who do not believe that the people of the United States are wise enough to govern themselves. There is a school of statesmen in this country who are convinced that our system of government is not founded upon sound principles, that the people generally are unaware of what is for their best interests, and that there is some class of people in the country who, by reason of education and general intelligence, ought to be intrusted with the management of their affairs. I do not believe that is a sound principle.

It is said that the farmers are not bankers. Of course that is true, and I do not suppose there is one in a thousand of the farmers who belong to these farm loan associations who believes that he is competent to run the business of a Federal land bank; but I doubt if you can find one of them who is not perfectly confident, as I am confident, that he is perfectly able to select some man who is competent to run them. As has been indicated, that is the principle upon which our whole Government is based.

The State governments have become great big business institutions. A man is obliged to consult his own individual financial interests every time he casts a vote for the governor of his State, or for the State officers, or for members of the legislature of his State. Why should he not be as competent to select a man as director of a Federal land bank? I simply want to add this statement, that there is no man, I believe,

who is so well competent to take care of his own business as the man who has his money invested in that business.

Mr. KING. Mr. President, I am very much interested in the viewpoint of the Senator, but I inquire for information, first, is it not a fact that the strength of the land banks has rested largely upon the conception of the people that they were controlled by the Treasury Department, through proper agencies, and by reason of the selection of men of profound knowledge upon fiscal and banking affairs?

Another question; if that view is conceded, if a different policy is executed, and the views of the Senator prevail, and the banks are put largely, if not wholly, under the control of the owners of the stock, will there not be a diminution of the confidence of the people in the business integrity and stability of these institutions?

Mr. WALSH of Montana. I can only answer, as Patrick Henry said, in the light of experience. Our experience in the matter, when it was not doubted that they were going to have control of the banks in accordance with the provisions of this law, when they became the owners of only \$100,000 of capital, clearly demonstrates, to my mind, that that view is not correct and that there was no apprehension in the public mind of the solvency of these institutions or of the manner in which they would be conducted. It will be borne in mind, in the first place, that the Farm Loan Board was constituted by the act as a general supervising agency over the whole thing, every member of which is appointed in accordance with the provisions of the Constitution—by the President, and confirmed by the Senate. They are the supervising agency.

Quite naturally and quite reasonably, the directors of the banks, the managers of the banks, will consult with the board, and generally, if they can, conform their policy to the policy of the Farm Loan Board. In the second place, one-third of the members of the board of directors of the bank, even when the Government of the United States does not own a dollar of the stock in it, are appointed by the Farm Loan Board, the other six members being appointed by the associations, and it was believed at the time the act was passed that that would be assurance enough to the investor that the Government of the United States would exercise a careful supervision and control over the operations of the banks.

Mr. President, that leads me to the subject of the moral obligation of the Government of the United States in this matter. Of course, no one contends that there is any legal obligation upon the United States, so far as the bonds of these land banks are concerned, but it is said that in some way or other there is a moral obligation upon the Government of the United States. Upon what basis is there a moral obligation upon the United States? These bonds are the bonds of the land banks, the stock of which is entirely owned by these local private associations who will eventually control the corporation and its destiny, the capital originally contributed by the United States, and eventually displaced by the subscriptions of the various associations.

The Government of the United States, at the time this law was enacted, expressly declared its purpose, by the very form of these instruments, not to make them the obligations of the Government of the United States. Every man who bought the obligations knows, if he knows anything, that they are not obligations of the United States and do not on their face purport to be obligations of the United States any more than national-bank currency is an obligation of the United States.

Under those circumstances, where does the obligation of the United States, from a moral standpoint, come in? As has been indicated, they stand exactly upon the same footing as the notes of a national bank. The Government of the United States assumes no obligation whatever in respect to the currency thus issued by the national banks under the original national bank act.

They are secured by bonds deposited with the Comptroller of the Currency, but if those bonds shall be depressed in value so that they will not realize the face of the currency, that is the loss of the man who takes the national-bank bill. The Government of the United States assumes no liability in the matter at all. But if the Government of the United States should pass a law by which it should assume the right to appoint six directors of a national bank out of nine, and thus control the bank, it might very reasonably be said that the Government of the United States is under a moral obligation in connection with it.

So, Mr. President, in this matter, when the occasion for the law of 1918 has entirely passed and the Government of the United States still insists upon controlling these banks, whether their control is satisfactory to the members of the association or not, it may very justly be said that the Government of the

United States becomes morally obligated for the payment of the bonds issued by that bank.

It is said also in this connection that the present management has been excellent; that it is entirely satisfactory to the great majority of the associations who are members of it. That, happily, is true. They have been very admirably conducted. They have been conducted by directors chosen from the various districts within which the banks do business. But what reason is there for supposing that if the members of the associations were permitted to select the directors, instead of their being appointed by the Farm Loan Board, they would not elect the very directors who have been appointed and who have so successfully conducted and managed the business of the bank?

It is a common thing for stockholders in a corporation which has been successfully managed to reelect the directors year after year. Ordinarily, the stockholder is interested only in getting his dividends. If he gets his dividends he is satisfied with the management, and he reelects the directors. Take the Omaha district. I think it not at all unlikely that if the stockholders in the Omaha Land Bank were permitted to vote for directors in that bank in all probability they would reelect most of the men who have served so admirably under appointment by the Federal Farm Loan Board.

The fact that the thing has worked successfully under the appointments made by the Farm Loan Board does not by any means demonstrate that it would not have worked successfully under the original law.

Mr. McLEAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Connecticut?

Mr. WALSH of Montana. I yield to the Senator.

Mr. McLEAN. I have just been informed that the committee of the House, which has had this bill under consideration for three weeks or more, and considered this proposition very carefully, has received communications from 1,400 of the farm-loan associations objecting to the proposed change.

Mr. WALSH of Montana. What does that signify?

Mr. McLEAN. It signifies that they are intelligent men, exceedingly well satisfied with the situation as it is, and very apprehensive that the amendment offered by the Senator from Florida is objectionable and unwise.

Mr. WALSH of Montana. Does the Senator know how many farm-loan associations there are?

Mr. McLEAN. There are about 4,100.

Mr. FLETCHER. Then may I interrupt the Senator from Montana, to say that I will venture that not a single one of the people who wrote had the measure before them to pass upon at all?

Mr. WALSH of Montana. No; they did not know anything about it.

Mr. FLETCHER. What they probably did was to write in favor of another plan, and not this one.

Mr. McLEAN. That is not my information.

Mr. FLETCHER. I have never sent out this plan to anybody.

Mr. WALSH of Montana. What they had in all probability was the idea that the present arrangement has been successful, and they are entirely satisfied with it.

Mr. NORRIS. I would like to ask the Senator, because he probably knows and I think it would throw some light on the question, whether the bill which the Senator from Montana introduced in the Senate, and which is embodied in the amendment that is now pending, has been introduced in the House?

Mr. WALSH of Montana. The Senator from Florida [Mr. FLETCHER] has given the history of it. I have no knowledge that it ever was introduced in the House. I introduced it in the Senate nearly two years ago. I sought to get a hearing on it. It was referred to a subcommittee and something like a year ago I appeared before the subcommittee, but so far as my information goes no report has ever been made.

Mr. NORRIS. The Senator misapprehends the object of my inquiry, which was to ascertain whether the replies of which the Senator from Connecticut spoke refer to this particular measure? If it has not been introduced in the House it could not have been this measure about which they were writing.

Mr. McLEAN. The proposition has been agitated for two years or more and members of the association thoroughly understand it, and there are some of them who are in favor of it.

Mr. WALSH of Montana. I question the right of the Senator from Connecticut to speak for the associations.

Mr. McLEAN. The Senator may do that, but—

Mr. NORRIS. I am rather inclined to believe that the inquiries which came to the House committee had reference to a bill that was pending there which sought to make a change of a different kind from this. The same thing was referred to here



in the letter which was read in part by the Senator from Florida emanating from Farnam, Nebr. The writer asked the Senator from Florida to prevent the change, if possible, but he had reference to an entirely different proposition from the one which is pending here. That was a proposition that I know was pending in the House.

Mr. FLETCHER. He had reference to what is known as the Strong bill in the House, which proposes that the farm-land banks name three directors, the national association name three, and they agree upon a seventh, and if they are not able to agree, the farm-land commissioner shall name the seventh.

Mr. NORRIS. That is a matter that has been agitated, and I wondered whether it was not the one to which these replies referred?

Mr. McLEAN. The thing that has been agitated is the question of control of the system.

Mr. NORRIS. That gives control of the system.

Mr. McLEAN. The question has been agitated. The Senator from Montana may question my right to express the views of the association. I was merely repeating the view of a Member of the House committee who communicated it to me, which was that they did understand the situation and that they are opposed to any change.

Mr. WALSH of Montana. That needs a little explanation.

Mr. McLEAN. That may be, I think it would be proper that the association should choose a minority of the directors.

Mr. WALSH of Montana. Did the Senator vote for the bill as it originally stood?

Mr. McLEAN. Oh, yes; I voted for the bill and heartily advocated it.

Mr. WALSH of Montana. The Senator then must have changed his mind about it.

Mr. McLEAN. I do change my mind frequently. As I said the other day, some men learn from their own experiences and nothing else, and some learn from the experience of others.

Mr. WALSH of Montana. What experience has the Senator had that led him to believe it was unwise to carry out the original plan?

Mr. McLEAN. The operation of the system has been so successful and satisfactory to everyone that I believe as long as the Government extends the nontaxable privilege to the bonds, and as long as there is a general understanding that there is an obligation on the part of the Government to save them from depreciation or loss, it is the duty of the Government and in the interest of the farmer to have the system conducted under the present management, or at least permit the Government to be represented by a majority of the directors.

Mr. WALSH of Montana. I do not want to enter into a discussion with the Senator on that subject. I merely want to conclude by saying that if we are to adopt the policy advocated by those who are opposed to the amendment, what we ought to do is to modify and amend the original law to conform to it and to provide that hereafter the directors of the Federal land bank shall consist of nine members, six of whom are to be appointed by the Farm Loan Board, and not resort to the subterfuge—and that is all it is—of continuing in force the law of 1918 to the effect that so long as the Government of the United States shall hold any of these bonds the temporary organization shall be continued.

Mr. McLEAN. If we amend the law, let us not go to extremes that are indefensible.

Mr. WALSH of Montana. I agree with the Senator about that.

Mr. McLEAN. That is what the amendment would do.

Mr. WALSH of Montana. It is simply a question as to whether this is an extreme or not when we make it even better, so far as the view of the Senator is concerned, than the original law itself.

Mr. McLEAN. The joint-stock land-bank bonds, I understand, are selling below par. They have the same tax exemption. These banks are under private management.

Mr. WALSH of Montana. That is, I understand the Senator to say now, that the farm-loan banks, controlled by directors appointed by the Farm Loan Board here in Washington, are conducted more successfully than the joint-stock banks, the directors of which are elected by the stockholders of the banks.

Mr. McLEAN. I know that the bonds are selling for less, and we might have the same result with regard to these instruments if we changed the management, and I think the investors in the country would agree with me.

Mr. WALSH of Montana. Conditions under which the bonds of the joint-stock banks were issued are quite different from conditions under which the bonds of the land banks are issued, and it might easily be that the latter would command a better

price in the market without any reference whatever to the relative efficiency of the management.

Mr. FLETCHER. May I interrupt the Senator to suggest that the joint-stock land banks are conducted for profit by individuals, where the Federal land banks are founded upon the cooperative principle, which is absolutely based upon the national farm loan associations exercising their proper functions, and that is the reason why the Federal land banks can offer their securities and get a better price for them than the others.

Mr. WALSH of Montana. In line with that and in conclusion I want to say that no purchaser of bonds that have been issued since 1918 can imagine for a moment that the law of 1918 is going to be the permanent policy of the Government of the United States with reference to these matters. It is on its face a temporary expedient. The Government of the United States during the war bought these bonds. Everybody knows now that the bonds are selling for par, and the Government may dispose of them at any time without the loss of a dollar; and yet, notwithstanding that fact and notwithstanding the fact that the purchasers of the bonds recognize that at any time the control of those banks may go into the hands of the associations, the bonds are commanding a premium upon the market at the present time.

Mr. NORRIS. If the Senator will permit me, it must be apparent to every purchaser of bonds that if the law stands unchanged, that long before the bonds are due and before they are paid the control of the association will be in the hands of the people who own them.

Mr. WALSH of Montana. Undoubtedly.

Mr. NORRIS. So that it can not be that they buy the bonds because of the fact that the Government has temporary control of them.

Mr. WALSH of Montana. I think that reasoning can not possibly be maintained in the light of the law.

Mr. KING. Mr. President, will the Senator from Montana permit an inquiry?

Mr. WALSH of Montana. Certainly.

Mr. KING. Is the Senator in favor of issuing tax-exempt securities by the Federal Government or by such agencies as the Federal land banks?

Mr. WALSH of Montana. I voted for the law and I defended upon the floor of the Senate the provision exempting from taxation the bonds issued by the banks. I have not changed my mind about the wisdom of that policy.

Mr. KING. Obviously the bonds and debentures issued by land banks find their ready market largely because of the tax-exempt provision. Now, if the views of the Senator prevail and the authority of the Federal Government is diminished over the banks, as it would be diminished if all the directors were selected by the stockholders, does not the Senator think that a demand would be made or that the demand would be strengthened that the law be amended so that no tax-exempt securities may be issued by Federal land banks?

It seems to me that one of the reasons for the tax-exempt securities prompts the Government to have control over the banks or at least people will associate the two together, and if we deny to the Federal Government the almost complete control which it has exercised in the past, then there will be an increase in the tide which is moving forward now in favor of removing the tax-exempt provision from the law.

Mr. WALSH of Montana. I would not think that apprehension would have very much foundation, in view of the fact that the tax-exempt feature was there in the beginning. It was a part of the original system under which it was clearly contemplated that very speedily the control should pass into the hands of the association stockholders. The law with that feature in it was so popular at the time and has grown so much in public favor since that time that I can not believe that to recur to the original principle would in any wise strengthen or intensify whatever sentiment there is in the country in favor of the tax-exemption feature of the bonds.

Mr. KING. Mr. President, I suggest the absence of a quorum. The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Borah	Frelinghuysen	Kendrick	Nicholson
Brookhart	George	Keyes	Norbeck
Bursum	Gerry	King	Norris
Calder	Glass	Ladd	Oddie
Cameron	Hale	La Follette	Owen
Capper	Harrell	Lenroot	Pepper
Couzens	Harris	Lodge	Phipps
Culberson	Harrison	McKellar	Pittman
Curtis	Heflin	McKinley	Poindexter
Dial	Hitchcock	McLean	Ransdell
Elkins	Johnson	McNary	Reed, Pa.
Fernald	Jones, N. Mex.	Moses	Robinson
Fletcher	Jones, Wash.	Nelson	Sheppard
France	Kellogg	New	Shields

Simmons  
Smoot  
Spencer  
Stanfield  
Stanley

Sterling  
Sutherland  
Swanson  
Townsend  
Trammell

Wadsworth  
Walsh, Mass.  
Walsh, Mont.  
Warren  
Watson

Weller  
Willis

Mr. GERRY. I desire to announce that the Senator from Maine [Mr. HALE] is absent on account of attendance on a committee.

The VICE PRESIDENT. Seventy-three Senators having answered to their names, a quorum is present.

Mr. FLETCHER. Mr. President, in order to get the figures accurate, if possible, some statements having been made with regard to the present holdings of stock in the Federal land banks, I wish to read the following extract from hearings before the Committee on Banking and Currency on December 21, 1922:

The borrowers, through farm loan associations, now own and hold \$30,866,995 of the capital stock of the Federal land banks. The Government's subscription has been reduced to \$4,264,880. The balance of the Government stock will soon be retired and the borrowers will own all of the stock.

The respective stockholdings of the Government and the national farm loan associations in several of the banks are as follows:

Federal land bank.	Stock held by Government.	Stock held by national farm loan associations.
St. Paul.....	\$150,965	\$3,596,355
Omaha.....	44,740	3,638,735
Houston.....	177,885	3,332,090
Spokane.....	127,080	3,622,910

That, of course, is being reduced all the while.

Notwithstanding the fact that the borrowers own 87.5 per cent of the stock, are liable for all the losses, and the whole system was designed to make agriculture independent of all outside influence, the borrowers have so far had no voice in the management of the banks.

I merely wish to have those figures appear.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Florida [Mr. FLETCHER].

Mr. FLETCHER. I ask for the yeas and nays.

The yeas and nays were ordered, and the Assistant Secretary proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the senior Senator from Delaware [Mr. BALL], who, I believe, is absent. I transfer that pair to the Senator from Louisiana [Mr. BROUSSARD] and vote "yea."

Mr. MCKINLEY (when his name was called). I transfer my pair with the senior Senator from Arkansas [Mr. CARAWAY] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Vermont [Mr. DILLINGHAM] and vote "nay."

Mr. WARREN (when his name was called). I have a general pair with the junior Senator from North Carolina [Mr. OVERMAN], whom I do not see in the Chamber. I transfer that pair to the senior Senator from North Dakota [Mr. McCUMBER] and vote "nay."

Mr. WATSON (when his name was called). Transferring my general pair with the senior Senator from Mississippi [Mr. WILLIAMS] to the senior Senator from Iowa [Mr. CUMMINS], I vote "nay."

Mr. WILLIS (when his name was called). I am paired with my colleague, the senior Senator from Ohio [Mr. POMERENE]. I transfer that pair to the Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

The roll call was concluded.

Mr. LODGE (after having voted in the negative). I understand that my general pair, the Senator from Alabama [Mr. UNDERWOOD], is not present. I transfer my pair with him to the junior Senator from Idaho [Mr. GOODING] and allow my vote to stand.

Mr. STANLEY. I inquire if the junior Senator from Kentucky [Mr. ERNST] has voted?

The VICE PRESIDENT. The Chair is informed that Senator has not voted.

Mr. STANLEY. I have a general pair with the junior Senator from Kentucky, and for that reason withhold my vote.

Mr. GLASS. Making the same announcement as on the previous roll call with reference to the transfer of my pair, I vote "yea."

Mr. KING (after having voted in the negative). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. I am advised that on this question he would vote, if present, as I have voted, and I will therefore permit my vote to stand.

Mr. KENDRICK (after having voted in the negative). I inquire if the Senator from Illinois [Mr. McCORMICK] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. KENDRICK. I have a general pair with the Senator from Illinois, which I transfer to the Senator from Missouri [Mr. REED], and let my vote stand.

Mr. CURTIS. I desire to announce that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 24, nays 46, as follows:

#### YEAS—24.

Borah  
Brookhart  
Culberson  
Dial  
Fletcher  
George

Glass  
Harris  
Harrison  
Hedin  
Jones, N. Mex.  
Ladd

La Follette  
McKellar  
Norris  
Pittman  
Robinson  
Sheppard

Shields  
Simmons  
Swanson  
Trammell  
Walsh, Mass.  
Walsh, Mont.

#### NAYS—46.

Bursum  
Calder  
Cameron  
Capper  
Cauzons  
Curtis  
Elkins  
Fernald  
France  
Frelinghuysen  
Gerry  
Hale

Harrell  
Hitchcock  
Johnson  
Jones, Wash.  
Kellogg  
Kendrick  
Keyes  
Kling  
Lenroot  
Lodge  
McKinley  
McLean

McNary  
Moses  
Nelson  
New  
Nicholson  
Norbeck  
Oddie  
Pepper  
Phipps  
Poindexter  
Ransdell  
Reed, Pa.

Smoot  
Spencer  
Sterling  
Sutherland  
Townsend  
Wadsworth  
Warren  
Watson  
Weller  
Willis

#### NOT VOTING—26.

Ashurst  
Ball  
Bayard  
Brandeggee  
Broussard  
Caraway  
Colt

Cummins  
Dillingham  
Edge  
Ernst  
Gooding  
McCormick  
McCumber

Myers  
Overman  
Owen  
Page  
Pomerene  
Reed, Mo.  
Shortridge

Smith  
Stanfield  
Stanley  
Underwood  
Williams

So Mr. FLETCHER's amendment was rejected.

Mr. SIMMONS. Mr. President, I desire to offer an amendment to the bill which I forecast in some remarks made by me on the bill a few days ago.

On page 6, line 11, after the words "agricultural products," I propose the following amendment:

Or, under regulations prescribed by the Farm Loan Board, by chattel mortgage or lien upon personal property, or hypothecation of collateral adequate in amount and value.

I hope the chairman of the committee may see his way clear to accept that amendment.

Mr. MCLEAN. Will not the Senator send it to the desk and have it read again?

Mr. SIMMONS. Yes.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 6, line 11, after the words "agricultural products," it is proposed to insert the following:

Or, under regulations prescribed by the Farm Loan Board, by chattel mortgage or lien upon personal property, or hypothecation of collateral adequate in amount and value.

Mr. KING. How will it read?

The ASSISTANT SECRETARY. So that, if amended, it will read:

(c) Are secured at the time of discount, purchase, or acceptance by warehouse receipts or other like documents conveying or securing title to nonperishable and readily marketable agricultural products, or, under regulations prescribed by the Farm Loan Board, by chattel mortgage or lien upon personal property, or hypothecation of collateral adequate in amount and value, or by chattel mortgages or other like instruments conferring a first and paramount lien upon live stock which are being fattened for market.

Mr. SIMMONS. Mr. President, a few days ago, in discussing this bill, I showed that under the terms of the bill—and that was conceded, I believe, in the discussion—these rural-credit banks or corporations would not be permitted to make advances for agricultural purposes unless secured by a warehouse receipt or some document conveying title to nonperishable and readily marketable agricultural products; that the bill, having limited and circumscribed to this extent the loans to be made to agriculture, then proceeded to provide that these loans might be made in the interest of the stock raiser upon chattel mortgage given upon live stock.

I contended then, and I contend now, that these banks would be of very little practical benefit to agriculture if they can lend for agricultural purposes only upon warehouse receipts or mortgages upon agricultural products already produced, nonperishable and readily convertible into money, and I suggested that



the lending power of these institutions for agricultural purposes ought to be broadened. I have proposed and do propose in this amendment to broaden it by permitting these rural-credit banks to lend not only upon nonperishable agricultural products but, under the regulation and supervision of the Farm Loan Board, to lend for agricultural purposes upon personal property or collateral of adequate amount and value.

I do not see why that can not be done and why it should not be done. It is the only way under this bill in which a farmer will be able to get any money at all to finance the making of his crop. As the provisions in the bill now are, he can only borrow upon the crop after it is made and after it is ready for market. The exigencies of the farmer for money are not so great after he has made his crop, harvested it, and gotten it ready for market.

If he can not do anything better, he can sell it and get the money, and, being a readily salable, marketable product, he can hypothecate it under the present system; but if he wants money for the purpose of making that crop, if he wants money while he is expending money every day in large sums and while no money is coming in, he is not permitted to obtain it from these banks, although he may offer security ever so good.

I do not see why the restriction upon loans to agriculture should be confined solely to loans made for the purpose of marketing or distributing the crop, and why, if he is able to furnish adequate and sufficient security, the farmer should not be permitted to get some advances from this institution to help him finance the making of that crop.

Mr. McLEAN. Mr. President—

Mr. SIMMONS. I do not want to discuss this amendment. I discussed it very elaborately a few days ago, and I do not wish to repeat what I said then.

Mr. McLEAN. I should like to have the Senator's idea as to what security could be offered and would be accepted under his amendment.

Mr. SIMMONS. Why, any good personal property security, or any good collaterals adequate in amount and adequate in value. That would be a matter for the decision of the board.

Mr. McLEAN. Furniture, watches, overcoats, anything a pawnbroker would take?

Mr. SIMMONS. The Senator understands perfectly well what is embraced in the words "personal property." He understands perfectly well what is included in the word "collateral." I want to say to the Senator that before the adoption of the Federal reserve system practically all of the money which the farmer in the section of the country in which I live obtained by loan for the purpose of aiding him in making his crop was upon personal property security. It was generally a mortgage upon the farmer's stock—his horses, his mules, his farm implements, his tractors, his trucks, his wagons, his carts, and upon the crop which he was cultivating.

Mr. McLEAN. That is all covered now under the amendment, section 13a, of the Federal reserve act.

Mr. SIMMONS. Those are loans made by the Federal reserve banks.

Mr. McLEAN. Yes.

Mr. SIMMONS. This is a loan to be made by the banks we are setting up now under this bill for the purpose of helping the farmer, ostensibly. Can not the Senator understand the difference?

Mr. McLEAN. Helping agriculture.

Mr. SIMMONS. Helping agriculture, ostensibly. Therefore, I say, let us not make a pretense of it. If we are going to set up these banks for the professed purpose of financing agriculture, let us not make the provision so narrow and so restricted that there will be no chance, there will be no power, to lend for the purpose of helping the farmers make their crops. It is in making the crop that the farmers need help, rather than in selling the crop. When a farmer or a manufacturer has carried his process of production to the point where the finished product is ready to be marketed, then he does not need anything like as much money as he does when he is making the product, spending money upon it and getting no money in return.

Mr. McLEAN. I do not know what regulations would be prescribed by the Farm Loan Board.

Mr. SIMMONS. I had in mind, when I used that language, that the Farm Loan Board would indicate the amount of personal property or the amount of collaterals upon which the banks might lend, just as in the War Finance Corporation act we provided that not more than a certain per cent of the face value or the market value of the property sought to be pledged should be lent. I thought some regulation with reference to that would be advisable, and that the Farm Loan Board would prescribe what per cent might be lent upon the market value of certain personal property, and what per cent might be lent

upon the market value of certain collaterals which might be offered.

Mr. McLEAN. If the Federal Farm Loan Board interpreted the amendment as it reads, it would be their duty to permit any kind of personal property to be accepted, to permit the acceptance of a chattel mortgage on anything.

Mr. SIMMONS. Oh, no; the Senator is wrong.

Mr. McLEAN. My point is this, that if the Farm Loan Board followed the direction of the amendment it would be their duty to permit loans secured by any kind of personal property, no matter what it is.

Mr. SIMMONS. To be loaned by what—by these corporations?

Mr. McLEAN. By these corporations.

Mr. SIMMONS. By the corporations to be created under this bill?

Mr. McLEAN. Yes.

Mr. SIMMONS. The Senator is entirely wrong about it.

Mr. McLEAN. Let me read it:

Or, under regulations prescribed by the Farm Loan Board, by chattel mortgages or lien upon personal property or hypothecation of collaterals adequate in amount and value.

Mr. SIMMONS. Of course, "under regulations prescribed by the Farm Loan Board." I think we can trust that board to prescribe regulations that will guard against reckless loans.

Mr. McLEAN. I am very well satisfied that you could not sell 10 cents' worth of your debentures under such a provision as that.

Mr. SIMMONS. I am sure the Senator's statement is not well founded. The Senator's words seem to me to be a deliberate declaration on his part that while a mortgage or a warehouse receipt upon certain nonperishable products is perfectly good security when offered by the farmer, if a farmer shall offer a chattel mortgage upon personal property of marketable value, or upon collaterals which are of adequate value, that security would not be sufficient to enable him to obtain money. That statement is manifestly absurd, I say, with all due respect to the able Senator from Connecticut.

I say to the Senator that before restrictions were imposed upon loans at the time of maturity, excluding certain classes of security from eligibility, securities offered by farmers upon a maturity of nine months—and they can not safely borrow money upon a shorter maturity than that—the farmers of the South were able to borrow from the national banks all the funds they needed for the purpose of cultivating their crops, upon mortgages executed upon their personal holdings, including a lien upon their crops. That kind of security constituted a large part of the security behind the loans of the national banks in certain purely agricultural sections, and I think the experience in that section of the country will show that as small losses were made in loans upon that class of security probably as upon any other.

Mr. LENROOT. Mr. President, could a farmer in the South secure such a loan from a bank located two or three hundred miles away? Did it not depend upon the personal supervision of the banker, having the security right under the eyes of the officers of the bank?

Mr. SIMMONS. Mr. President, I do not know of an instance where a bank has exercised any personal supervision over the making of the crops in my section of the country. Of course, these institutions would want to make inquiry through agents whom probably they would have, as to the value of the property, and would make it before they would make a loan. But can the Senator tell me why, if a farmer comes with good, marketable collateral to an institution set up for his benefit, his proposition should be turned down?

Mr. LENROOT. I am only saying that in contemplation of this bill, a general chattel mortgage upon growing stock, farm machinery, and so forth, is not marketable collateral.

Mr. SIMMONS. The provision of my amendment includes loans upon collateral of adequate amount and value.

Mr. LENROOT. That is true.

Mr. SIMMONS. If the Senator feels that the first provision as to mortgages upon personal property is not safe and sound, if that were eliminated, would he allow the farmer to borrow upon collateral of adequate amount and value? Would he not allow him to borrow upon indorsements of two solvent persons? The point I am making is that in your bill you do not allow him to borrow a cent in any way in the world in order to get money to make his crop.

You confine the lending of this institution, which is supposed to be a farmer's institution, altogether to mortgages upon his crop after it is produced. I want to extend the bill so that he can get some money while he is making the crop, when he actually needs the money most. You say you do not regard

his personal property, consisting of horses, mules, wagons, carts, farming implements, tractors, and trucks, as anything. I can not see why, when a farmer has planted a hundred acres in tobacco or cotton, and it is in thriving condition, that crop should not be the best of security, as good as the unfabricated material of a manufacturing plant, which is made the basis of security. You lend the manufacturer upon the basis, not that he pledges any particular property, but that he is engaged in a business ordinarily profitable; he has good ability; he is the head of a going concern. You lend him money upon the faith of the proposition, and the banks are doing it every day, upon the faith of the earning capacity, the profits he will make when he converts the raw material, which may be, as I said, in the bowels of the earth when he borrows the money, into the product which he is fabricating.

Why should not the farmer's crop be worth something as a basis of security? I say that but for the limitations as to maturity, the farmers in my section of the country would be able to borrow from the national banks and the State banks, members of the Federal reserve system, all the money they need, upon the basis of their personal holdings and their crops. Agriculture has not broken down in the United States. All value has not been taken out of wheat, and cotton, and tobacco, and the other staple products of the country. Crop failures from boll weevils may occur to some extent, but they have not resulted in preventing the cultivation of cotton, and will not prevent its cultivation, and I hope in the near future its very profitable cultivation.

Mr. LENROOT. I quite agree with the Senator, but I am sure the Senator realizes that unless the business of these corporations be confined to their capital stock alone, if the major part of the credit is to be provided through the sale of debentures, those debentures must have back of them some security that will be attractive to investors, and if you have provisions in this bill, or in any other bill, which are of such a character that the investor will be doubtful about that, he is not going to buy any of the debentures. That is the whole question, it seems to me.

Mr. SIMMONS. I understand the position of the Senator, as I understand the position of the Senator from Connecticut. But what I am asking is this, if you think it would be unsafe for these institutions to advance money upon this security, consisting of a mortgage on the farmer's personal property and his crop, if you think that is unsound, is there no other security which a farmer may give which you will agree the institutions may accept as security for a loan to be made to him to help him make his crop? You provide no way in your bill by which he can obtain a cent. You say the bill is designed to aid farmers, but when you begin to analyze the bill you find that it is impossible under the terms of the bill. The farmer might even bring Government bonds and put them down as collateral, but he could not borrow anything on them from his own bank to help him cultivate his crop.

I want the farmer to have some access to his bank or to his own corporation to get money to help him make his crop, because if he can not make his crop there will not be any crop to pledge or mortgage, as you have provided may be done in the bill.

I know I am not going to get any amendment through unless Senators on the other side consent to it. The agricultural bloc, so-called, seems to have gone to pieces, so far as agricultural legislation is concerned, and they can not be relied upon any longer. Then will Senators not consent? I am appealing to them now in the interest of the farmer; I am trying to get Senators to let him have access to his own bank to get money to make his crop, and I ask Senators, as they have excluded the farmer in the bill altogether, if they will not accept the amendment I have offered and will they not designate some sort of security they think would be safe which the farmer may offer to get money to make his crop?

Mr. McLEAN. But these institutions are not intended as banks. The Senator insists upon calling them banks.

Mr. SIMMONS. It is intended to aid agriculture. I say when we limit the loans that we make for agricultural purposes to loans to market and distribute the crops, we are not accomplishing in the bill the purpose which the Senator is professing to have.

Mr. McLEAN. If he has a Government bond, if he has anything upon which he can borrow, there are 30,000 banks in the country, and he could go to a bank.

Mr. SIMMONS. I want him to get the benefit of the bank which it is proposed to set up for his benefit. I am trying to put it to the test whether we are setting it up for his benefit, whether we are saying to him that "while we pretend this is for your benefit, if you want to borrow money you will have

to go somewhere else to borrow it." I think if this is for his benefit, he ought to be permitted in some way or other to get some money out of it to enable him to finance his crop. It is beside the question to say, "If you can not get it here, you can get it somewhere else." He knows that. Everybody knows that without being told.

Mr. LENROOT. I suggest to the Senator that the bill will be of no value either in his section of the country or mine.

Mr. SIMMONS. I am trying to make it of some value.

Mr. LENROOT. I do not think it would be even then, because I do not believe in the Senator's section or in my section any of the corporations provided for in the bill would be organized.

Mr. SIMMONS. I do not think so, either, but the majority party is passing the bill, and I am only trying to provide for contingencies if the organizations are set up.

Mr. LENROOT. I think it would be of value to the live-stock States.

Mr. SIMMONS. I argued that, so far as the agricultural section of the country, the paucity of benefits of the corporations which the bill proposes are so meager that they will never be brought into operation in the agricultural sections of the country.

Mr. McLEAN. But if they are—

Mr. SIMMONS. If they are brought into operation—I am trying to arrange it so that if perchance one of them may be established anywhere in an agricultural district, which I think is very doubtful, when it is established it will be able in some way or other to help the farmer make his crop.

Mr. McLEAN. It never will be established unless it is organized on a sound basis. The Senator's proposition to permit the corporation to accept chattel mortgages on any kind of personal property satisfies me that none of them would ever be organized, because they could not sell their debentures.

Mr. SIMMONS. But it is said in the bill that it would be perfectly safe to make advances to the farmer upon the basis of the crop after he has made his crop. Now, suppose before he makes his crop he comes in and says, "I need money right now. My crop is not ready yet and I can not get money under that provision of the law. But while I can not give that security upon which you say you will lend money, I can give just as good security of another character." That would be his attitude, I think. That is my opinion about it, that he could give just as good security of another character.

What I am trying to get the Senator to do is to designate what kind of security he is willing to have taken for loans made to the farmer to finance the growing of his crop. Is the Senator willing that he may borrow the money upon the faith of solvent collateral, of approved amounts and values, or upon the indorsement of two or more solvent persons? I am willing to be content if the Senator will suggest any sort of security that would be acceptable in that way.

Mr. McLEAN. But it is entirely inconsistent with the idea of the corporations which are organized for the purpose of financing the distribution and sale of crops.

Mr. SIMMONS. Is there anything in the declared purpose of the bill that says this is to be an institution set up solely for the purpose of financing the distribution of farmers' crops?

Mr. McLEAN. That is the purpose, of course, of the corporations.

Mr. SIMMONS. Does the Senator think it more important to finance the distribution of the crop than it is to finance the making of the crop?

Mr. McLEAN. That is another proposition entirely.

Mr. SIMMONS. Of course it is. The Senator states an obvious fact which everybody knows.

Mr. McLEAN. That must come under some other proposal than this measure. We can not make banks of these institutions. We can not make pawnbrokers of these institutions. They would not be organized if we undertook to do that.

Mr. SIMMONS. It is not pawnbroking when the farmer comes and says, "Here is a mortgage upon my crop," and you say, "All right"; but if he comes and says, "I want \$100 and here is collateral that will sell on the market to-day for \$500," you say, "That is a pawnbroking proposition and we will not consider it."

Mr. McLEAN. It might not be, but he does not need to come to this institution to get accommodations under such circumstances. As I have said a great many times, he could go to any bank and on his nine months' paper he could put up his collateral.

Mr. SIMMONS. Then, if the farmer can get all the help he needs from other banks, there was not any particular reason for attempting to set up this system. The excuse and the only excuse on the part of the Senator for the establishment of these banks is that he is establishing them for the purpose of



aiding agriculture. That is one of the chief excuses—agriculture.

Mr. McLEAN. Especially to encourage the formation of cooperative marketing associations, because I believe that therein lies the solution of the problem—an invitation to the producers of the country to cooperate and control the market for their products.

Mr. SIMMONS. That is a marketing proposition, a distributing proposition, solely and exclusively.

Mr. McLEAN. If the farmers are willing and have ambition enough themselves, as is true in many sections of the country, the cooperative associations would be formed throughout the country. They are now having difficulty in getting accommodations from the banks, and so we establish these organizations and invite and encourage the farmers of the country to get together and cooperate to control the markets for their products. That is the primary purpose of the bill so far as it relates to these organizations. Its benefits reach the individual farmer if his notes are properly secured.

Mr. SIMMONS. I think I have thrashed that out with the Senator about as thoroughly as there is any necessity for doing. I see what the majority have resolved to do. I now offer the amendment. I shall not call for a ye-and-nay vote on my amendment, but I want a quorum here to vote on it. The excuses given by the proponents of the pending bill for their opposition to my amendment are not such as to command my respect, and they conclusively show the utter futility of our entertaining any hope to see here now a genuine effort and desire on the part of the majority to legislate in the interest of the farmer.

Mr. SMOOT. Mr. President, years ago it was thought proper to advise not only business men but farmers and everyone else to keep out of debt. There has not been a piece of legislation enacted here in the last five or six years but what has been an invitation to every business man and every farmer to go into debt. I remember when it was a very unusual thing for a mortgage to be put upon a farm in my State. To-day there are thousands and thousands of them. It was not because in the earlier days there was more money. It was because of the fact that the people were taught to take care of their money and save it, and by all manner of means to avoid a mortgage upon their homes. Now we read in the public press and hear in the legislative halls of the States and of the Nation as well that what is going to settle all these questions and make everybody happy and rich is to advance money to them and get them into debt.

I think we ought to have legislation, under the conditions existing to-day and the railroad freight rates that are charged, that would enable the farmer temporarily to hold his product so as to have at least a chance of saying when he shall sell it and not be forced to put it upon the market as soon as it is harvested.

Mr. ROBINSON. Mr. President—

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I yield.

Mr. ROBINSON. I heartily agree with the implication contained in the Senator's last statement—that the railroad freight rates now imposed upon the transportation of commodities, particularly agricultural products, are so high that it is in many instances difficult, if not impossible, for the producers of such products to reach a market that will yield them even the cost of production and transportation, not to say a reasonable profit.

Mr. SMOOT. All within a very short time, too.

Mr. ROBINSON. Yes; within a very short time. But does the Senator anticipate that that condition respecting freight rates will be relieved within the early or immediate future?

Mr. SMOOT. I took occasion the other night to look up the percentages of the moneys obtained from all sources which went to each particular source of expense. I was very much surprised to find that in 1914, as I remember, 40.3 per cent of all the expense of maintaining the railroads was for labor. Last year there was 50.9 per cent of all the expense of maintaining the railroads paid to labor. It is really remarkable, if anyone will take the trouble to look it up, to see the percentages of each of the items of the total expense of the railroads.

I will say to the Senator that since I made that examination I am rather convinced that whatever reduction there may be in freight rates will be small in comparison to what it should be in order to meet the present situation affecting agriculture.

Mr. ROBINSON. That is in part the answer I anticipated. So that, in so far as freight rates affect the prices of agricultural products, or rather the profits to be derived by the producers of them, we can not expect that condition to be

mitigated in the early future. The questions which it involves are so complicated and numerous and beset with so many difficulties that it will, to say the least, require a long time to work them out.

It does seem to me, however, that the railroad managements of the country have been slow, in many instances to a point deserving censure, in readjusting their rates to meet the economic necessities of the United States. In the Esch-Cummins law they were given liberal treatment and afforded every possible opportunity to so conduct their business as to treat the public with consideration and at the same time earn a fair profit upon the investments in railroad properties. The manner in which they have handled the subject of freight cars, the total failure to cooperate in the use of freight cars so as to make them quickly available where the business of the country demands it, is an illustration of the inefficiency evidenced by lack of cooperation, widespread and far-reaching, of some of the railroad managements of the country. A day of reckoning is coming if they do not improve service and reduce rates.

Mr. SMOOT. Mr. President, I did not rise to discuss the question of railroad rates. I simply felt as though I wished to say a few words as to the tendency of the age, not only as evidenced by our Government but by all the governments of the world, to go into debt. I say there is not a greater bondage into which a person or a government can enter than the bondage of debt. I should like to see not only our Government but every Government in the world, instead of issuing more obligations, begin immediately to redeem their obligations and endeavor to return to normal conditions.

Mr. President, I should like to see every family and, if it were possible, every farmer and every business man, have sufficient capital to operate without borrowing. I should like to see every farmer, if it were possible, when he garners his crop, receive enough from its sale to carry him through for the succeeding 12 months, instead of, as happens in so many cases, having the proceeds spent before ever the crop is garnered. The present system is one continual round of borrowing, and the farmer himself is in debt all the time.

I wish to say that much because I think the policy should be to encourage the farmer and all the people in general to keep out of debt rather than to go deeper into debt.

Mr. JONES of New Mexico. Mr. President, I should like to say merely a few words in connection with the remarks of the Senator from Utah [Mr. Smoot]. I can not believe that the distinguished Senator really means precisely what he has said; that he wants the farmers of the country to stop utilizing credit; that he hopes the time will soon come when the farmers at the beginning of the year will actually have on hand money enough to carry them through the succeeding year. That has been the condition in the past. It was the condition, however, because of the legislation of this Government of ours.

What would be the effect if the hopes of the Senator from Utah were realized? It would mean that the farmers of the country would have their money in the banks of the country, to be used solely by the speculative interests of the country.

Mr. SMOOT. Not at all. The Senator from New Mexico is mistaken.

Mr. JONES of New Mexico. I ask the Senator from Utah, then, where would he expect to find use for the surplus funds of the farmer?

Mr. SMOOT. The farmer would be enabled to dispose of his products as he desired, and the proceeds could be used for his own purposes. It would not necessarily follow that a dollar of his earnings would go into the banks, other than, perhaps, a small amount, for he could afford to hold his products until some particular time when he actually needed the money.

Mr. JONES of New Mexico. Yes; Mr. President, that is what the Senator from Utah has stated; but, carried to its logical conclusion, what does it imply? In the case of a man who is running a ranch, the expenses of which per annum amount to \$50,000—and there are many such in this country—the idea of the Senator implies that at the beginning of the year the ranchmen must have on hand \$50,000 in cash.

Mr. SMOOT. No; that is not my idea, I will say to the Senator. I am not talking about a farmer who has an expense account of \$50,000 a year; and I do not think that is the man for whom we are legislating. In this instance we are legislating for the man who has a small farm; we are not legislating for one who has a million acres or hundreds of thousands or even tens of thousands of cattle. I do not understand that we are legislating for such a man at all.

•Mr. JONES of New Mexico. Nor do I, Mr. President. I simply used the illustration which I did for the purpose of showing that the whole matter is relative, as the Senator from

Utah must very well know. The Senator's suggestion simply means that there should be taken away from the farmers of this country a very valuable asset—that of credit. Credit is what the world has a right to use if it shall go forward as rapidly as it should go forward. The vice of the financial situation in the past has been that we have had legislation which enabled the so-called commercial interests of the country to avail themselves of credit; but credit has been denied to the farmers of the country.

I hope, Mr. President, that we shall not go back to any such period of normalcy as that, when the liquid assets of the country, together with the credits of the country, are to be made available only to one class of people. That was the trouble with the situation when we had nothing but the national banking law for the service of the whole country, under which loans upon real estate were prohibited and there was no provision made whereby the holders of farms could utilize credit at all under any sort of system fostered by the Federal Government. It is to remedy that evil that we have been building up credit systems for the farmer, but the Senator from Utah has stated that we ought not to utilize them.

The history of the farm-land banks shows that there has been a demand for loans already carried into execution and satisfied to the extent of \$700,000,000. Would the Senator from Utah say that was wrong; that the farmers who borrowed that money did not know what they were doing when they borrowed it? Is he willing to say that he will put his judgment up against theirs and state that they have done wrong in wanting to borrow any money with which to carry on their business?

Mr. SMOOT. Mr. President, the Senator from Utah has made no such statement. From what the Senator from Utah said, I do not think the Senator from New Mexico had any right whatever to gather that impression. I simply stated that it would be a splendid thing if the farmer were in such a position that he would not have to borrow money to carry him on immediately after he had gathered or garnered a crop for the year; and I think the Senator from New Mexico also will admit that to be true.

I do not think the Senator would like to have the farmer in a position where he is always living 12 months ahead of time and where everything he has on earth may be in jeopardy for 12 months out of the year. I do not think that is the proper way to live. I do not say that the farmer should not borrow money when he needs it; nobody has made any such statement as that. My statement was that it would be far better for the farmer if he could place himself in a position where he did not have to pay interest on indebtedness; and I still maintain that statement to be sound.

Mr. JONES of New Mexico. The Senator from Utah has merely reiterated what he said a few moments ago when he was addressing the Senate. His statement clearly shows that he thinks it is bad for the farmer to utilize any credit, but I do not think so. I believe that the farmer has just as much right to use his credit as has any other man in business.

Mr. SMOOT. He has.

Mr. JONES of New Mexico. And I think that if the farmer handles his credit judiciously he can make it profitable just as well as can any other man in business. The Senator from Utah well knows that the farmers and stockmen of the West have been borrowers for a generation or more; in fact, ever since the West was attempted to be settled we have had to depend upon money from the East; and we have faced the condition that upon the short-term loans in the West which were floated in the East when the time came that the farmers and stockmen really needed the money the eastern lenders withdrew it from that section of the country. We do not want that to happen again.

I recall very well that in September, 1920, when I appeared with a committee of western stockmen before the Federal Reserve Board to discuss the question of the withdrawal of funds from the West I was told by the representatives of eastern bankers that all they wanted was that when their paper became due it should be paid; they were not willing to recognize that in ordinary times at least \$100,000,000 of credit were being furnished by the West, that source of supply of foodstuffs, which enabled the eastern people to carry on their business.

For the Senator from Utah to deprecate the idea that any farmer is going to use his credit is simply to inveigh against progress, to advocate a policy which can only work to the detriment of the farmer and relegate him to a class which it might be said were incapable of conducting their own affairs. That is the criticism which I would extend to conditions which have prevailed in the past—that the financial system of the country has been built up only for special interests, for a special or particular class of the people of the Nation. We are now ap-

proaching the time when the farmers of the country who need credit and who have the basis of credit shall be furnished with some means whereby they may avail themselves of it to carry on their business profitably, just the same as other classes of people carry on their business. That we need such a system I have not the slightest doubt.

I do not know that this bill is going to be of very much benefit to the farmers of the West. There have been already organized in the West live-stock associations, capitalized by private money and conducted by private individuals, which indorse and transmit western paper to the East. The one benefit which will, in my judgment, come from this proposed legislation is, if the institutions contemplated by the bill shall be organized at all it will enable them to gather together the short-term and the intermediate-term paper, properly secured, and make that the basis of debentures or bonds for a definite and rather an extended period of time, so that when the day of stress comes the people of the East who will buy the bonds will not be able to cash them in at their will as the individual paper may become due. I think I can see that great advantage in this measure.

My thought, however, is that there may be not a sufficient number of these institutions organized to do very much good. There are not many private institutions now organized for that purpose, although there are a few. I am supporting this measure wholly upon hope that it will be availed of by private capital. I can not say that that hope is very strong; but at least we shall provide the opportunity and furnish a means whereby there may be some relief afforded from the situation which has prevailed in the past. We want, in some manner, to provide definite credit, not credit which may be taken away from one section of the country by another section when the latter section sees fit to use its funds in some other way. I maintain that to say that the farmers of the country ought not to use their credit is hardly consistent with modern progress, and the man who so contends is certainly not in harmony with the spirit of this generation.

Mr. HEFLIN. Mr. President, I want to indorse most of what the Senator from New Mexico [Mr. JONES] has just said, and also to support the amendment of the Senator from North Carolina [Mr. SIMMONS].

I can not see any good reason why the farmer or anybody else can not get money on cattle and on any other personal property that he has that is of value about his premises.

Mr. SIMMONS. Mr. President, let me say to the Senator that this bill expressly allows him to get money on a mortgage on cattle.

Mr. HEFLIN. I understand that.

Mr. SIMMONS. But it will not allow a farmer not engaged in stock raising to get money on anything except on a crop that is made and in the warehouse.

Mr. HEFLIN. Does the Senator's amendment provide that he can borrow on a growing crop?

Mr. SIMMONS. It does not say on the growing crop; it says "personal property."

Mr. HEFLIN. On any personal property?

Mr. SIMMONS. Personal property or approved collaterals adequate in amount and value.

Mr. HEFLIN. Mr. President, why should not a man be able to borrow money on anything he has that is of value? Are we running the banking institutions in this country for one class of people alone? If so, let all these other people quit their occupations and try to go into the occupations of the favored class, go and do what these others are doing whose produce and whose business is recognized as eligible collateral at the banks. We want people to engage in every kind of helpful and needful business in this country.

There are so many different kinds of enterprises and industries, and we want to encourage them to engage in all of them; but here is one man who goes out, and he is a man of small means, and he wants to support his wife and children and produce a worthy livelihood for himself and them, and because he is producing a certain kind of product he is shut out from the bank. That has been the cry heretofore—that the commercial banking system was not suited to this sort of thing. Now we are trying to create a system that is suited to this sort of thing, and these Senators who do not want to get away from the old commercial idea are trying to frame this bill by their preconceived notions of what a commercial banking system is.

If we will make it possible for the small farmer to borrow from these banks on his property of various kinds, that very fact will enable him to borrow from the banks already in existence, and his opportunity for getting the money needed to carry on his business will be greater. That is what happened when we arranged to furnish him with money through the War Finance Corporation.



After that many of the banks advanced money to aid him. Many of them would have done that before if such collateral had been made eligible by law. This amendment simply makes it possible for the small farmer to get money through this system if he can not get it anywhere else.

I want to say a word in reply to the Senator from Utah [Mr. SMOOT], who suggests that the farmer does not want to get into debt any more; he wants to get out of debt.

Mr. SMOOT. I did not say that. I did not say that the farmer did not want to get into debt.

Mr. HEFLIN. That he ought not to get into debt, then.

Mr. SMOOT. No; I stated that it would be a very splendid thing if he were not compelled to go into debt. That is the position I take, and I am quite sure the Senator will agree with me.

Mr. HEFLIN. Oh, I agree that I am sorry that he has to go into debt any more. I am sorry that he has been driven into debt so deeply as he has; but the deflation policy inaugurated by the leaders of the Republican Party, armed and equipped with the amendment to the Federal reserve act allowing the progressive interest rate to be applied, and which was applied to the agricultural section alone, is what got him into debt.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Iowa?

Mr. HEFLIN. Yes; I am glad to yield to the Senator.

Mr. BROOKHART. I understand that the Senator claims that the deflation policy of the Federal reserve bank was organized by the Republicans.

Mr. HEFLIN. Yes, sir.

Mr. BROOKHART. The policy that hit us out in Iowa happened in the fall of 1920.

Mr. HEFLIN. That is right, and the Republican Congress passed the amendment that I speak of in the spring of 1920.

Mr. BROOKHART. At that time Mr. Wilson was President of the United States, and every member of the Federal Reserve Board was a Democrat.

Mr. HEFLIN. Oh, no; not all of them were Democrats then, and none of them were Democrats when they came from under the spell.

Mr. BROOKHART. I think myself there was only one real Democrat on the board. The others were Wall Street men.

Mr. HEFLIN. John Skelton Williams was ex officio member. He was and is a Democrat, then Comptroller of the Currency, and the best member of the board. He was an honest man, faithful to his trust, and rendered great service to his country during that time and since.

Mr. BROOKHART. But I think a Wall Street Democrat is just as bad as a Wall Street Republican.

Mr. HEFLIN. So do I.

Mr. BROOKHART. I can not see any difference in them.

Mr. HEFLIN. I have no disagreement with the Senator upon that question; but what I am pointing out is that the Republicans had the Congress in 1920, both Houses, and they passed through the House this progressive interest rate, and they passed it through the Senate, and that progressive interest rate was applied to the South and applied to the West, and all sorts of interest rates were charged—15, 20, 30 per cent, and even higher. As I have frequently said before, one little bank in my State paid 87½ per cent. These are the things that drove the farmer into debt. The farmer was not responsible for it. This deadly deflation was what did it, and the Senator from Utah and others now say that the farmer ought to get out of debt, instead of getting more deeply into debt. He has to borrow money to get out; and what I am trying to do is to so hedge him about with the rules of right and the laws of justice that he can not be driven to surrender his stuff to any speculator in Wall Street or elsewhere until the price justifies the sale of it. I want to enable him to hold his products off the market until the price will yield him a profit. He is entitled to that.

I want to enable him to borrow money on such property of value as he has to offer. Time was when he was able to get money on it, but when the paper become due he was frequently forced to sell, and he had to turn loose his products and let them go upon the market without regard to the price. I want to fix it so that he can hold his products and have some say in fixing the price. He has a right to that. That is what we are trying to do here.

I called attention here once before to this illustration: A farmer in my State got \$200 for a bale of cotton. He had 10 bales of cotton. That was \$2,000. He owed \$2,000. He could pay that \$2,000 with the 10 bales, and wipe that debt off the books; but when deflation struck him, cotton went down, down, down in a hurry to 10 cents a pound, and then he was forced

to sell his cotton, and it paid only one-fourth of that debt, and left him owing \$1,500, and at that price it would have taken four crops to pay that debt. That is the sort of outrageous performance that has been carried on against the farmers of the South, and the same thing applies to the farmers of the West. I called attention here before to the statement of Congressman SWING, of California, that in a bankers' convention in southern California he heard a Federal reserve agent in that convention tell the bankers: "Don't you loan any more money on agricultural products"; and several bankers got up and said: "Why, we do business with the farmers. We have to carry them, or they are ruined, and we are ruined"; and this agent replied: "If you do loan them any more money, we will not discount your paper."

That is what happened, and that word went quickly from the Federal Reserve Board to the banks in the agricultural South and West, and the farmer was shut off entirely. That is the treatment that was accorded to him; and then Senators come here and stand on this floor and others send in periodicals and say the farmer ought not to get more deeply in debt—that he should try to get out of debt. Farmers do not want more debt, but they want a way to get out of the debts piled on them by deflation. Pray tell me, How is the farmer going to get out of debt without getting money from somewhere and without being given time to work it out and square his debts?

I will tell you what happened out in the Northwest. The testimony showed it before our committee:

"How many of your farmers are mortgaged?"

"Practically all of them."

"What have they mortgaged?"

"Their homes and farms."

"Have they any live stock?"

"Yes."

"Are they mortgaged?"

"Yes, sir."

"What else have they mortgaged?"

"They have mortgaged their growing crops."

Now, what else has the farmer to mortgage? Talk about going into debt! We want to give him a fair deal with what he has. We want to say to every man and woman in America: "We do not care how humble your calling is, we do not care how obscure you are or how far removed you are from the bustle and stir of the city, if you are an enterprising, law-abiding American citizen, the arm of this Government reaches out to you. You have the benefit of all of its great instrumentalities to help you in your business, it makes no difference how small it is." That is the spirit of America responding to the needs of all her children.

Mr. President, I view with alarm the tendencies that I have witnessed since I have been in the Senate, the encroachments made upon the rights and liberties of the people. The underlying cause of the fall of every government that has gone down in the past can be traced directly to the control of the money supply of the country. Any astute student of history will tell you that that is true, if he is honest. The manipulation of the money supply is the underlying cause of the downfall of every government on the globe. Go back and read your history and see if that is not true. Here we have it in the United States.

I saw this Federal reserve system, under the reign of the Republican Party, taken away from the beneficent uses to which we had put it, and I saw Wall Street get hold of it and absolutely monopolize it and run it to suit their interests until the Wall Street Journal had an editorial in which it said, "The control of this system is not in Washington but in Wall Street, where it belongs." The money changers of Wall Street have boasted of the degeneration of this system, and of their control over it; and when we come and ask that provisions be put in this bill—a farmer's bill, a cattleman's bill—that will enable every man who is interested in the fruits of the soil to have aid, we find all sorts of objections and oppositions coming from Senators who guard with intrepid vigilance the interests of Wall Street's financiers.

Mr. President, Senators had better wake up and get on to what is going on here. I saw an amendment voted down here to-day which, if it were properly presented in the States of Senators who opposed it, would greatly embarrass every one of them before the farmers of their State. I saw the Senate vote down the amendment of the Senator from Florida [Mr. FLETCHER], which simply provided that the farmers, the stockholders in the bank itself, should have some say in selecting their directors, and it was solemnly voted down in this Republican Senate, and the farmer has no voice in it at all.

Talk about passing legislation for the benefit of the farmer! Somebody ought to tell him the truth about it. It is as much my duty to do it as it is anybody else's. I commend the Sen-

ator from Florida for the gallant and able fight that he has made.

That record will rise up to haunt somebody if the farmers of their State have the courage and the sense I think they have. They deny to a farmer who has been invited to bring his money up, his hard earnings, and put them into the system and create the system and set it up for business—they deny him the right to say who shall direct it and run it. That is what they have done. Then they talk about passing a farm credits bill in the interest of the farmers.

The Senator from North Carolina is seeking to provide for the little man. God knows he needs our aid—the little fellow who would go up to one of these big banks and say, "I have yearlings out here, and I have a tractor plow that cost me so much money and is a thing of value, and I have some other things here that are of value. I have to have some money. I want \$250 or \$300." That amount means much to him. I want to provide a place where he can go and get it. Why should not he have aid? Are we going to say to that man, "You are on too low a plane financially to be reached"? Is that the purpose of democracy? Is that representative government working in the true American spirit? No; it is not.

Every man and woman who is willing to work, who is striving to produce something and establish a going business, I do not care how small it is, ought to be able to get the money needed to carry on such work.

Mr. SIMMONS. Let me ask the Senator a question.

Mr. HEFLIN. I gladly yield to my friend from North Carolina.

Mr. SIMMONS. If the farmer has no property that is sufficient security for the money that he needs to finance the making of his crop, how will it be possible for the industry of agriculture in this country to survive?

Mr. HEFLIN. It will not be possible, unless they will permit him to mortgage other things or to get money in some other way.

Congressman SWING, of California, told us how the word went out to strike the farmer down and refuse to aid him in the hour of his great distress. A banker invited him to come in and sit with him in the bankers' convention, and he was sitting among the bankers, and when this Federal reserve agent said that, he did not know anybody but bankers were hearing him. He delivered his message, and Congressman SWING had the courage to repeat it on the floor of the House, and I have repeated it here a number of times and sent it out in the RECORD to 40,000 people in the country.

After they sent word out that they must quit loaning on agricultural products, the farmer just stood helpless in the market place, and they literally robbed him of all he had. They not only robbed him but they said to him after they finished robbing him, "You owe us so many thousand dollars. You go to work and pay it in the next 5 or 10 years"; and he is working now under the bondage of deflation debt to pay off what they left hanging over him. We are trying to provide that he can obtain money on the little things the big bankers will not recognize. We want to say in this law that that stuff is eligible at a bank. We are meeting with opposition.

I simply wanted to say that much in support of the Senator from North Carolina and in reply to the speech of the Senator from Utah. If a man owes money and is tied up to the neck, he has to get money somewhere to get something to work with in order to pay; and they stand up and say, "Let him get out of debt. Don't let him get more deeply in debt." How is he going to get out of debt with nothing with which to pay off his debt? We are going to give him a new deal. We ought to give it to him. We may not be able to give it at this session, we may not be able to give it entirely in the next, but the day is not far distant when a majority of right-thinking and courageous American people are going to have their say registered in this Chamber and in the one at the other end of the Capitol. They will if those who are already here are faithful and will fight to the end, and that is what should be done. I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina [Mr. SIMMONS].

Mr. HEFLIN. I ask for the yeas and nays.

Mr. SMOOT. The Senator from North Carolina said he did not want the yeas and nays.

The yeas and nays were not ordered.

Mr. HEFLIN. I ask for a division.

On a division, the amendment was rejected.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment.

Mr. SIMMONS. I happened to be temporarily out of the Chamber just now. I desire to present my amendment in a modified form later.

The PRESIDING OFFICER. The Secretary will state the amendment submitted by the Senator from Florida [Mr. TRAMMELL].

The READING CLERK. On page 6, line 13, after the word "market," strike out the period and insert a comma and the following words:

Or upon a note secured by a mortgage on real estate, in an amount not exceeding 50 per cent of the value of said real estate.

Mr. TRAMMELL. Mr. President, the amendment proposed by me carries with it to a degree the policy advocated by the Senator from North Carolina [Mr. SIMMONS] in his amendment, except that my amendment goes further and specifically provides that a mortgage upon realty shall be considered good security upon which a farmer may obtain a loan under the provisions of the pending bill.

I have studied the bill, and if I construe it correctly as it is now drawn, it does not afford the farmer an opportunity to borrow money upon real estate secured by a mortgage. In the financial world, through our banking institutions, real estate is regarded as one of the very best classes of security. If anything, it is better security than chattel-mortgage security. I was in hopes that the Senate was going to formulate and enact a farmers' banking measure in the interest of our great agricultural industries throughout the country in general, and that it was not going to be restricted to only one or two classes of those engaged in agricultural industry. The measure before us is quite restricted in its beneficent provisions. Under the pending bill, if a farmer is able to finance and produce a nonperishable crop, harvest the crop and obtain his warehouse receipt, he can then secure a loan upon it. That is one class of security authorized. The only other class reached by the provisions of the bill applies to those engaged in stock raising, who may obtain money for the purpose of carrying on their operations in fattening stock for the market. I do not know just how this provision of the measure would be applied. We know the loan is extended only upon cattle being fattened for market.

If it is right and just that we should assist a cattle raiser in building up his stock for the market—and I think it is—is it not right and just that we should also assist the farmer in the production of his crop, whether perishable or nonperishable? I can not see where you draw the line of demarkation. I am unable to see why the Government will assist a man in holding his crop after he has produced it, so that he may receive probably a higher market price for his products, and not, on the other hand, assist him in its production. The proposition seems to be one of trying to assist him in conserving his resources after he has produced them, but not to assist him in the production of those resources. Certainly he needs even more aid in growing the crop than after he has already produced it.

If the policy is right, and our real object and purpose is to assist agriculture, why not assist the farmer in the production of his crop? How can we assist him in the production of the crop and have the banking institution amply secured? We know of no better security than that proposed by the amendment I have offered; that is, notes secured by mortgage upon real property in an amount not exceeding 50 per cent of its value. May not a farmer encounter as much or more rough sailing and trouble in financing in the production of his crop as he does in conserving it after harvested in order that he may market under favorable conditions?

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. TRAMMELL. Certainly.

Mr. LENROOT. I would like to ask how long it takes in the State of Florida to realize on real estate security after default?

Mr. TRAMMELL. It does not take any longer than to realize on chattel mortgages, or but very little longer. The system of foreclosure is very largely the same. If the Senator wants to try to complain that real estate security is undesirable, I will say to him that we have thousands of money lenders in Florida who will not have any other kind of security.

I will put their judgment up against the Senator's as to the value of that kind of security, as far as my State is concerned. Of course, in order to have short-time loans and expedite the handling of business, some of the banks prefer loaning on so-called liquid assets; but the banks regard real estate as a safe security, and the reason banks do not handle real estate security any more than they do is on account of the fact, as a rule, loans based upon that character of security are desired for a longer period of time than 90 days, and the banks do not get an opportunity to turn their money over quite



so often. Real estate is the very best character of security. If I were a money lender—and I will say that I never happened to be, as I have always been on the other side of the ledger—I would far rather have a real estate mortgage in an amount not exceeding 50 per cent of the value of the real estate than a mortgage upon a herd of cattle, even though I would regard the latter as a perfectly safe loan. You are willing to recognize a mortgage upon cattle, and I think that is proper. I desire to see the stock raisers of the country assisted, but it seems to me that in a large measure the bill is more in the interest of the cattle raiser than any other class of our people. I want to see them assisted and I desire to commend the author of the bill and the committee for the beneficence extended in that direction.

But why not extend a similar policy to our agricultural interests in general? In my State we produce largely perishable crops. Our citrus fruit crop runs into many millions of dollars each year. We ship about \$60,000,000 worth of perishable fruits and vegetables each year and the output is on the increase.

Those perishable products are produced upon real estate that is as good security as can be offered or afforded, and that same condition exists in other States as well where large amounts of perishables are produced. Yet under the provisions of the pending bill no system of credit is afforded, except for those fattening cattle for market and upon crops already harvested, and then only to nonperishable crops. I am glad to see the cattle industry assisted. It is an important industry, and Florida, I think, has great possibilities along that line. My State, on account of its mild climate, its adaptability for the production of a number of feed crops annually, should become one of the greatest cattle-raising States in the Union. I appreciate that feature of the bill; but we have in my State our fruit growers and farmers producing and marketing over \$60,000,000 worth of perishable products each year; yet they are to be told if they go to the bank and want to borrow \$2,000, secured by a mortgage on real estate worth \$10,000, that the law does not authorize the bank to accept that character of security. What a shock this would be to the farmer who thought Congress had enacted a law to provide credit facilities for the agricultural industries of the country.

In the West the grain farmer if he wants to produce a crop may, so far as the bill is concerned, see a rainbow with no end to it; but in order to be able to call upon this banking institution to assist him he must have given his labor and provided his own capital to produce a crop and to harvest it before he is entitled to a loan from what is called a farmers' banking institution or system. What do you think the corn and wheat producers will think of such system? Will he not think he asked for bread and you gave him a stone? Now, why should not the farmer of the West, with his farm worth \$20,000, needing, probably, \$3,000 to plant, produce, and harvest his crop, and willing to give a mortgage upon that \$20,000 farm, be allowed the privilege of borrowing through this banking system? No; it is said he can just sort of paddle along in his own way and do whatever he wants to do. The money sharks, the speculators, if they want to, can prey upon him and crush him while he is producing his crop, and this institution will not recognize his security, even though he is asking a loan not exceeding 15 per cent of the actual value of the security.

He is told, "The Government thinks you are a very good fellow after you have produced the crop, but will not help you to produce it, will not loan you money on real estate security, it matters not how valuable your farm." I do not see why the farmer should be left under that handicap during that crucial time while he is producing his crop and not be allowed the opportunity of borrowing from this system until after he has produced his crop and is able to give a chattel mortgage upon it with warehouse receipts attached. Of course, as to any section of the country where perishable crops are produced, there is no provision in this bill whatever to assist those engaged in that character of agriculture or horticulture.

Now, I propose that if the mortgage is upon real estate in an amount not exceeding 50 per cent of the value of the land, then they may obtain a loan upon that class of security. I add this class of security as another that may be recognized through this system. Certainly we could have no kind of security that would be any safer than a mortgage on real estate. Certainly if we do not extend the provisions of the bill to that class of security, we will have precluded the grain growers of the West, the cotton producers of the South, and the perishable fruit and vegetable producers throughout the entire country from obtaining any of the benefits authorized under the provisions of the bill; that is, of course,

up to the point where his crop—if nonperishable—has been produced and harvested. Of course, so far as perishable products are concerned, they would be precluded entirely. They are not given the opportunity to come in and obtain a loan through this system, subject to the regulations and provisions of the bill, at any time during the period of production or after harvest or at any time whatever. They are absolutely precluded and barred from the benefits of the system, although they have as good and even better security to offer to the banks for the money they may require.

I would like to help the grain producers of the West. I would like to help the cotton producers of the South and the stock producers throughout the country. But if we do that, let us help all agricultural activities. The grain producers of the West can furnish just as good security for the money they want six months before they harvest their crops as they can afterwards, and the cotton producers of the South can furnish just as good security six months before they harvest their crop as the can afterwards, so why should we not assist them at the time when many most need it; that is, in the production of the crop? I think that, if anything, it would add strength to the whole system and would certainly do much to further the intentions which were in mind when this bill was first discussed to adopt my amendment. If I thought it would impair the financial security involved, of course I would not advocate having the provision suggested by me embraced in the measure.

Mr. President, I hope the amendment will be adopted and that we will go all the way in endeavoring to assist the grain producers of the West, the cotton producers of the South, the stock growers, and that we will bring within the provisions of the bill the fruit growers, the truck farmers—the great producers of perishable fruits and vegetables throughout the entire country, who are amply able to furnish ironclad security to the banks contemplated upon which to obtain their loans. In my opinion, if we fall short of this we will be recreant in the full performance of our duty to the agricultural interests of our country.

The VICE PRESIDENT. The question is upon agreeing to the amendment offered by the Senator from Florida.

Mr. TRAMMELL. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. JONES of New Mexico. Mr. President, I want to say a few words in regard to the amendment proposed by the Senator from Florida. I do not see how there can possibly be any objection to the amendment. Without it the measure places the stockman himself in the following predicament: He has to go to one place for a loan where the land is security and to another place where his live stock is security. If we are going to aid the stock grower, we should provide that he can utilize all the credit that he has at the same place. Moreover, a herd of cattle is worth a great deal more in connection with the ranch where it is located than it is if we have to move the herd of cattle off the ranch. Are we going to force the stockman to go to different tribunals to obtain credit?

If that result is not involved here, I would like to have some one point it out. I think it must be recognized that such a result as that would be unwise. It simply means that if a man wants to borrow money upon his live stock he is limited to a very small percentage of the value of his live stock, even though he may have ranches and other securities of very large additional value. If that is not so, I would like to have some one point it out.

Mr. McLEAN. Mr. President—

Mr. JONES of New Mexico. I am glad to have the Senator from Connecticut express himself upon the proposition.

Mr. McLEAN. It is entirely inconsistent with the purpose for which the associations are organized. They deal with self-liquidating commercial paper. It is assumed that the paper will be retired from the proceeds of the sale of the products. When we make a farm-loan bank of this system, we are defeating the main purpose of the bill.

There may be a great many things that are good security, but the idea of the bill was to finance the marketing of crops. The crops are pledged as security, and when they are sold the notes will be retired. We have a Federal farm-loan system to take care of the land mortgages. The man who has a farm that is not mortgaged can raise money, but not through these corporations. They are not intended for that purpose. I question very much whether a single one of them would be organized if it was understood that they were to go into the farm-loan business. I do not think that Congress ought to set up another farm-loan system in competition with the Federal farm-loan system. That is what it would amount to.

Mr. JONES of New Mexico. The Senator, I think, is in error. Under division 2 of section 4 of the bill it is provided that the corporation shall have power—

To make advances upon or to discount, rediscount, or purchase, and to sell or negotiate with or without its indorsement or guaranty, notes secured by chattel mortgages conferring a first and paramount lien upon maturing and breeding live stock and dairy herds, and having a maturity at the time of discount, rediscount, or purchase not exceeding three years.

Now, the hope is held out to the live-stock man that here is an institution organized for the purpose of helping him raise cattle or sheep. We are going to loan him money for a period of three years, if he wants it. It is to be an institution supposed to occupy the field between the ordinary national banks which can loan money under the provisions which have been incorporated up to nine months, and, on the other hand, the farm-land bank, which can not make a loan upon real estate for less than five years. It is proposed to occupy that field by limiting the security to personal property, to the live stock itself, but not enable the ranchman to use the real estate which he has in connection with the live-stock business as a part of his security for the loan.

Mr. GLASS. I would say to the Senator that the ranchman, under the national bank act, can borrow money on a farm mortgage for any period from six months up to five years.

Mr. JONES of New Mexico. But, under the national bank act, only a limited amount of the resources of the bank can be utilized for the purpose of such loans. The Senator quite understands that. We are providing another agency; but, assuming that the national banks have an adequate money supply for making loans upon real estate, we are, by not incorporating in the bill a provision that this concern may take a mortgage upon real estate, forcing the stockman to do business with two different institutions.

Mr. GLASS. As a matter of fact, we are not proposing to set up here a land-mortgage bank. We have already a land-mortgage system, and as I pointed out a moment ago, in addition to that national banks are authorized to make loans on improved farm lands up to a period of five years. Under this bill the Government is not proposing to make loans; but the organizers of the discount corporations, the credit corporations to be created, propose to make loans on liquid assets which in their very nature will liquidate the indebtedness in a period of from 9 months to 3 years. This is not assumed to be a land-mortgage system at all.

Mr. JONES of New Mexico. All I can say is that if the view just expressed by the Senator from Virginia [Mr. GLASS] and the Senator from Connecticut [Mr. McLEAN] prevail, we shall be entering upon a vain thing; we shall be setting up here an absolutely worthless proposition to the stockmen of the West. There is not a stockman in the West who would go out simply to borrow money on the cattle themselves. If he is to have a going ranch—a going business—he wants to use as a part of his credit the ranch itself and his other property.

Mr. GLASS. I will say to the Senator, if he will permit me, that if there is any fooling involved in the pending measure, it is the Committee on Banking and Currency, which reported this bill, that is being fooled; for the representatives of the stockmen of the great western section of the country are the men who are responsible for the bill. Their selected representatives came here to Washington, and in conjunction with the Director of the War Finance Corporation and the attorney for the War Finance Corporation, based upon the experience of that corporation in making similar loans in the West over a period of two years, drafted this bill and presented it to our committee for our acceptance. On that committee sat the Senator from Wyoming [Mr. KENDRICK], himself a stockman and large owner of ranches. He did not tell us that this was a worthless proposition, and that we were proposing to fool the stockmen of the United States.

Mr. JONES of New Mexico. Mr. President, I venture to assert that the Senator from Wyoming does not believe that this measure is going to be of any material benefit to the West. It may be in a few instances; here and there it may help out a little, but so far as meeting the situation is concerned, my humble judgment is that it will not do so.

Mr. GLASS. I do not assume to say that the Senator from Wyoming has not changed his opinion, but I know he said to our committee, of which he is a member, that he thought it would be of very great service to the stockmen of the West; that there were more than 100 loaning corporations already organized, inspired by the advice of the director of the War Finance Corporation; that they were not asking any Government funds, but that they were proposing to help themselves; that they simply wanted Government supervision and examination to add prestige to corporations which were already formed

or which might hereafter be formed; and that would give them readier and more confident access to the money markets of the East.

Mr. STANFIELD. Mr. President, will the Senator from New Mexico yield to me?

Mr. JONES of New Mexico. I shall yield in just a moment, if the Senator will pardon me.

I do not mean to say that this measure will not supply the wants of certain stockmen in the West; I do not mean to be understood in that way at all; but I am simply pointing out how it will not serve the great demand in the West and, in my judgment, the greatest demand in the West and of the stockmen of the country. From the standpoint of reason, can not anyone see that if the stock grower wishes to utilize his credit for the purpose of carrying on his business he would like to utilize all his credit, and not merely part of it?

Mr. HITCHCOCK. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator from Oregon, who first requested me to do so.

Mr. STANFIELD. I should like to say to the Senator from Virginia [Mr. GLASS] that of the 100 corporations which the War Finance Corporation has organized very few would be eligible under this bill, for their capital is below the minimum of \$250,000 that is permitted under the bill.

Mr. GLASS. Very likely that is true, but a great many of them have a capital far in excess of the requirements of the bill.

Mr. STANFIELD. A few of them have.

Mr. GLASS. And the director of the War Finance Corporation and gentlemen who confidently assumed, because they were ranchmen and stockmen themselves, to speak for those people, assured us that it would be a comparatively easy matter to have the smaller corporations expand their activities and increase their capital. It was confidently asserted there that, instead of the 100 corporations now organized, there would be a great many more organized if we would erect this instrumentality which they proposed and presented to us. I submit that it is not exactly a fair suggestion which has been made by the Senator from New Mexico [Mr. JONES] that we are presenting here a worthless proposition, and an act, if not so intended, the effect of which would be to fool those who are supposed to represent the great live-stock industry of the country.

Mr. STANFIELD. The limitations of the bill are very rigid, and I am inclined to agree with the Senator from New Mexico [Mr. JONES] that the relief which the live-stock men are anticipating will not be accorded to them under the restrictions of the bill.

Mr. GLASS. Perhaps that may be so.

Mr. JONES of New Mexico. Mr. President, I, of course, acquit the members of the committee and the framers of the bill of any intention to deceive the people of the country, and I have no doubt the provisions of the bill may be availed of by some people; but my prediction is that it will not go very far and that the benefits derived from it will not be general.

Mr. HITCHCOCK. Mr. President—

Mr. JONES of New Mexico. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. I think, perhaps, the Senator from New Mexico does not appreciate the difficulties which the committee encountered. It realized that there ought to be some provision offered to enable men with large real estate holdings to use their credit; and that was one of the reasons why there was incorporated in this bill an amendment to the farm loan bank act so as to increase the limit of loans under that act to \$25,000. Such loans, of course, will have to be made through the Federal farm loan bank machinery. We could not set up duplicate machinery. The Senator says that a man ought not to be compelled to go to two places to borrow money, but it would be equally bad for the Government to establish two competing institutions to lend money on real estate.

The Senator must realize that there is going to be considerable difficulty in securing the money under this bill. The corporations are to be organized with a comparatively small capital, \$250,000 being the minimum, and then back of them are the discount corporations. Where is the money coming from? The money has got to be procured by selling their debentures. There can not be found a market for such debentures if they are given a real estate basis. In many States it takes more than two years to foreclose a mortgage on real estate. It is necessary to have back of the debentures liquid securities of some kind that may be realized on. That is one of the reasons why the committee provided securities of the kind mentioned in the bill. The bill, however, already carries in another provision an opportunity for the ranchmen to secure, through the proper Government agency, large loans on their ranches. I



think that ought to answer the objection which the Senator makes.

Mr. JONES of New Mexico. Mr. President, I feel quite sure that the Senator thinks that is a complete answer, but as a practical proposition I do not think that it is. I do not think so for this reason: Thus far we have provided no machinery of the Government whereby the farmer may secure a loan upon his ranch for less than five years, unless it be through the national banks, only a limited part of whose capital and surplus may be invested in such loans. I take it that all will agree that that facility is not adequate to meet the situation; that the national banks do not want to tie up much of their money in real estate, for the reasons very well stated by the eminent Senator from Virginia. They want short-term loans and liquid assets, and all that sort of thing. They are permitted only to loan, I believe, 10 per cent of their capital and surplus upon real estate, and the loans which they are permitted to make are short-term loans. They are not permitted even to loan the limit of 10 per cent for three years upon real estate, if I am correctly advised.

Mr. GLASS. Oh, they are permitted to loan for five years on real estate.

Mr. JONES of New Mexico. Then, I withdraw the statement. Just for the moment I did not think that was the case.

Mr. GLASS. The Senator will recall that under the national-bank act they were not permitted to make loans on real estate at all.

Mr. JONES of New Mexico. I recall that.

Mr. GLASS. But the Federal reserve act so amended the national-bank act as to permit national banks to loan a certain percentage of their assets upon real estate for a period of not exceeding five years.

Mr. JONES of New Mexico. They are permitted to loan up to 10 per cent of their assets, as I understand.

Mr. HITCHCOCK. Mr. President, if the Senator will permit me, he complains that there is no opportunity for the cattle raiser to borrow money on a five-year mortgage, but that is not correct. The real evil that existed before the establishment of the Federal farm loan act was that the farmers could only borrow money on short-time loans, from three to five years, and they were compelled to renew them, often at great loss. So the Government stepped in and provided an agency by which they could borrow money at a low rate of interest on long time, which is just the very thing they needed and the thing needed by the West, where the Senator from New Mexico and I live.

Mr. GLASS. And under a system of amortization.

Mr. HITCHCOCK. Under a system of amortization, as the Senator from Virginia suggests. It was the very thing that was needed by the West, and that system is in successful operation. The Senator says we ought to provide some system whereby the farmer may obtain upon his lands loans for less than five years. Let me call the attention of the Senator to the fact that the presence in the local market for real estate loans of the Federal farm-loan banks has resulted in compelling the insurance companies that loan on short time, such as the Senator refers to—from three to five years—to reduce the rate of interest practically to match the Federal farm-loan rate. In my State at this time those agencies are meeting that rate and loaning money at 5 per cent or less on good farm mortgages. So the presence of the Federal farm-loan bank system has resulted in regulating the rates of interest that other agencies charge, and has added that much to the lending machinery of the United States.

I think that the pending bill in increasing the amount that may be loaned to any one borrower by the Federal land banks to \$25,000 is a boon which the ranch owners of the United States ought to appreciate. It will give them on long time an amount of credit which will be of tremendous value in their business. Instead of complaining that they can not pay their loans off in five years, they ought to congratulate themselves that they can get them on long time.

Mr. JONES of New Mexico. I hope that the Senator has not any idea that I do not realize that the farm-loan banks have been performing a very distinct service to the farmers of the country. I am not casting any reflections upon that system; but that system, as the Senator knows, merely provides for loans not less than five years in time. A great many ranchmen may avail themselves of that system and get money upon their lands through it, and then come to the institutions provided for by this bill to get some money upon their cattle. The Senator must realize, however, that a great many people would not care to do that sort of thing; and, moreover, the mortgage upon your cattle is worth very much less if that mortgagor has mortgaged his ranches and real estate to another institution.

When a man loans money upon stock cattle he necessarily must have in mind some place where he can run those cattle in the event that he should be required to foreclose the mortgage. You can not put a herd of stock cattle on the market and realize anything like its value. A ranch property as a going concern is worth far more than the material property itself, considered separate and apart from the active, forward-going business; and you destroy the value of your cattle whenever you force the cattle owner to borrow money upon his real estate from another institution.

I do not believe that the objections here to having this institution loan money upon real estate are sufficient to overcome the other objections. I, of course, quite appreciate what the Senator from Virginia has said about liquid assets; but the fact of being liquid is based as much upon the time of the obligation as it is upon the security of the obligation. It is true that it may take some little time to foreclose a mortgage upon real estate in most of the States of the country; I think that is the case; but is that a sufficient objection to warrant us in going ahead in a way which has other objections to the other system? The very fact that the paper can not be for longer than three years' time will have a great deal to do with it. I submit that there can not be a ranchman in the whole country but who would say that he would be better off if he could get a mortgage upon his ranch and his stock together than if you confine him simply to giving a mortgage and getting a loan upon the cattle themselves, as distinct from the ranch.

Mr. GLASS. That might be, Mr. President; but when the loaning corporation has to procure its funds by the sale of its debentures in the open markets of the East, principally, the question arises as to whether or not the facility with which that may be done will be interrupted by the amendment proposed, and whether the amendment proposed will not prove a real obstacle to the sale of these debentures. If the man holding a debenture is likely to become involved in the litigation incident to the foreclosure of mortgages, the debentures in those circumstances is made that much less liquid and that much less valuable, and he invests his money rather cautiously than liberally in an enterprise of that sort.

Mr. JONES of New Mexico. Mr. President, of course the purchaser of the debentures of the associations to be organized under this act must feel secure. There is not any question about that, and there is no attempt upon my part to render them less secure; and my judgment is that if you will include with the stock the ranch itself you will have them more secure than if they are based solely upon the personal, moving property which may possibly be destroyed. You can steal the one, you can not steal the other. You can starve the one, you can not starve the other; and it seems to me that it would give a basis of security here very much more desirable by the purchaser of the debentures of the associations to be organized.

Mr. GLASS. Of course, the Senator knows that the bill is not entirely oblivious to the fact that cattle may be stolen and that we have put in it provisions for frequent and vigilant inspection.

Mr. JONES of New Mexico. I realize that safeguards have been thrown around the transaction, and, so far as I am able to judge, they will be helpful; but the fact remains that the one class of security certainly is not any better than the other.

Mr. LENROOT. Mr. President, does not the Senator realize that that amendment would shut off entirely a field of investment where the investment is made only upon the assurance and belief that the debenture will be realized upon when due?

Mr. JONES of New Mexico. I do not think so.

Mr. HITCHCOCK. Mr. President, suppose the Senator were an investor in the East, and a company came to him and offered him debentures. "What are these debentures? What is their security?" "Their security is cattle that have a market value that can be realized on, that can be sold in 10 minutes." "Why, yes; I will buy the debentures, because if the debt is not paid the cattle will be sold, and the debentures will be good." But suppose he is told that the debentures represent all sorts of security, personal and real, on a ranch; that here is a \$10,000 debenture, substantially, that represents a \$10,000 loan on a ranch out West, of which the ranch represents \$5,000, and the cattle represent \$5,000. Suppose the man does not pay. The cattle can be sold, but you have to go to foreclosure to sell the mortgage. How long will it take? It will take two years. Now, they do not know that until the debt is due. Do you think those debentures will find a market?

It will be impossible to sell those debentures in the East. The man who buys a debenture wants to put it in the bank and know that it will be cashed in when it becomes due. He does not want to feel that the company will have to wait until it has foreclosed the mortgage before it may be able to

pay. Of course in a single case that would not be so; but if a company undertook to loan a lot of money to a great many real-estate people, it might in hard times find itself with a lot of mortgage foreclosures on hand, and in some straits to meet its debentures. That is the difference.

Mr. JONES of New Mexico. Mr. President, I hope that after these institutions are organized, if there are any, they may avail themselves of some agent to dispose of their debentures who has as much confidence in the security as the distinguished Senator from Nebraska evidently has. This thing of having a mortgage upon stock cattle which can be thrown upon the market in 10 minutes or 10 days does not exist. If the mortgage is upon cattle practically ready for slaughter, the Senator from Nebraska is quite right about it.

Mr. HITCHCOCK. Mr. President, that is what this measure proposes—to lend the money to the owner of the stock until they are ready to slaughter. Then they will have a market value and a market, and can be realized on and liquidated immediately. That is the very purpose of the bill—to lend the money to the man until the time comes when the cattle are marketed.

Mr. JONES of New Mexico. Mr. President, if the Senator from Nebraska has ever been upon a stock ranch, he will quite understand that at the end of three years, if you have a stock of cattle, a comparatively small proportion of your herd will be ready for market. That is not the way in which the ordinary stock ranch of the West is conducted. You do not expect in three years' time to grow your herd to the point where the whole of it is ready for market. A very small proportion, indeed, will be ready for the ordinary market at the end of that time—that is, for slaughter.

I sincerely hope that Senators will think seriously of this amendment, and try to do what is best for the class of people for which this bill was intended to furnish benefit. It seems to me it is not going nearly far enough; and in the case mentioned here by the Senator from North Carolina, if a man has other personal property on his farm, and wants to borrow money with which to grow a crop, would it not be a safer thing, or at least as safe, to have a mortgage upon that personal property and the ranch as well, as upon the personal property alone?

It is a question here, it seems to me, of the time of the loan, with ample security, for which you want to make provision; and to say that you can not have a three-year loan amply secured by mortgages on real estate is not convincing. If you are going to issue debentures now for a term of years based upon personal property—some of that personal property in the warehouse, some of it roaming upon the range—why should you not go a step further, and say that when you are going to take care of a man who wants to engage in that industry you are going to take care of him and let him utilize all the credit that he can furnish?

A man can not afford to engage in the live-stock business with a credit of only the amount which he might get upon his stock, upon his cattle. You force such a man to have behind him his real estate and the margin of cattle required by this bill. I submit that it is not within reason that you should set up here a machinery which will not do as much for that man as should be done for him.

You are only going halfway, if I may so express it.

I feel keenly about this subject. If you are going to do anything for the ranchman, do what you should reasonably be expected to do; and I submit that there is no private concern in the country dealing with the ranchmen who would not do just that thing. He will lend it himself on a small mortgage upon the cattle, and perhaps the small mortgage which could be paid by throwing into the general market such parts of them as might be suitable for that market; but if you are going to help the industry, why not at least go as far as you might reasonably be expected to go? Why not deal with it as a sensible proposition?

Of course, I understand how this bill was prepared, and I have not the slightest doubt but that it was prepared in this way because the framers thought it was all that could be gotten out of the Congress; but when we are faced with this situation, why should we not deal with it? It must be one perfectly apparent to every practical farmer or ranchman, and to go only halfway seems to me unworthy of thoughtful men.

Mr. GLASS. May I suggest to the Senator from New Mexico that there could have been no possible motive in the minds of the Banking and Currency Committee of the Senate to withhold any ample facility of relief for western ranchmen in the construction of this bill. The Government of the United States does not have a dollar at issue in the operation of these corporations; it does not provide one cent of the capital. Congress is simply asked to set up an instrumentality under Federal charter to give to corporations already organized, or which may be organized, facilities for the flotation of their debentures and

the acquirement of capital hitherto gotten from the eastern money market. They simply ask us to give these corporations already organized, or which hereafter may be organized, the prestige which comes from Federal examination and Federal supervision. The Government has no risk in the matter, and the Committee on Banking and Currency nor the Congress itself could have any reason in the world to withhold any ample facility in setting up this corporation.

Just exactly what the Senator means by saying that it was only intended to go halfway, because the proponents of the measure supposed that Congress could not be induced to go the whole way, I am unable to determine, because I think all of us may be induced to go the whole way in providing safe facilities for this purpose. I do not think there is anything sinister in the action of the Banking and Currency Committee of the Senate, and I can not conceive that there would be anything sinister in the action of this body. We want to do the best we can for this interest. I am not so concerned about it personally. While a large part of my State has a great export cattle industry, I do not think they are suffering for credit facilities, and there is nothing in this bill which would preclude any western ranchman from mortgaging his ranch if he so pleases, if he can get somebody to loan him money on it. After hearing the testimony of the Director of the War Finance Corporation and others speaking for this particular interest, I very much question whether the Congress would be doing this interest a service by enabling these corporations to engage in a business that will not facilitate the sale of their debentures upon which they must rely for their operating capital.

Mr. CURTIS. Mr. President, I desire to submit a unanimous-consent request, that when the Senate closes its business to-day it take a recess until 11 o'clock to-morrow, and that all debate on this bill and all amendments close at 1 o'clock to-morrow.

The VICE PRESIDENT. Is there objection?

Mr. JONES of New Mexico. Mr. President, personally I do not intend to delay this measure at all, but I think it is certainly desirable that the senior Senator from Florida [Mr. FLETCHER] should be consulted about the matter, and I notice he is not in the Chamber just now.

Mr. LENROOT. He has no further amendment to offer.

Mr. CURTIS. I understand he has no further amendments, and I have talked with a good many Senators on the other side and they seem to agree that this course shall be taken. It would give two hours to-morrow.

Mr. JONES of New Mexico. I do not intend to discuss the measure any further myself or consume any time on any other provisions of the bill, so far as I know. I observe the Senator from Florida has now entered the Chamber.

Mr. FLETCHER. I have nothing further.

Mr. JONES of New Mexico. Will it not be necessary to have the roll called?

Mr. CURTIS. Not on this agreement. It is not a request for a final vote. I ask unanimous consent that when the Senate closes its business to-day it take a recess until 11 o'clock to-morrow, and that all debate on this bill and all amendments close at 1 o'clock.

Mr. McKELLAR. Will not the Senator make the meeting hour 12 o'clock?

Mr. CURTIS. I am willing to make it 12, if it be agreed that all debate shall close at 1.

Mr. McKELLAR. Let us take a recess until 12 o'clock and let the debate close at 2.

Mr. CURTIS. Very well; I ask that all debate close at not later than 2 o'clock, and that the Senate take a recess at the conclusion of its business to-day until 12 o'clock to-morrow.

Mr. FLETCHER. That will be satisfactory.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kansas? The Chair hears none, and it is so ordered.

The agreement was reduced to writing, as follows:

It is agreed by unanimous consent that when the Senate concludes its business to-day it recess until 12 o'clock m. to-morrow, Friday, and that all debate on the bill (Senate bill No. 4280) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal reserve act, to amend the Federal farm loan act, to extend and stabilize the market for United States bonds and other securities, to provide fiscal agents for the United States, and for other purposes, close at not later than 2 o'clock p. m. on the calendar day of Friday, January 19, 1923.

#### EFFECTS OF CITIZENS DYING ABROAD.

The VICE PRESIDENT laid before the Senate a communication from the Comptroller General of the United States, transmitting, pursuant to law, a draft of proposed legislation respecting the disposition of effects of citizens of the United States dying abroad, which was referred to the Committee on the Judiciary.



## EXCESSIVE INTEREST RATES OF FEDERAL RESERVE BANKS.

The VICE PRESIDENT laid before the Senate a communication from the acting governor of the Federal Reserve Board, transmitting, in response to Senate Resolution 335, agreed to December 6, 1922, information relative to interest charges of the Federal reserve banks of Atlanta, St. Louis, Dallas, and Kansas City, etc., which, with the accompanying papers, was ordered to lie on the table.

## PETITIONS.

Mr. KENDRICK. I present a resolution adopted by the Chamber of Commerce of Casper, Wyo., urging the Government to undertake the construction of the Casper irrigation project and calling attention to the fact that the Federal Government annually derives about one-half million dollars in oil royalties from the territory immediately adjacent to the project. I move that the resolution be referred to the Committee on Irrigation and Reclamation.

The motion was agreed to.

Mr. KENDRICK. I present a resolution adopted by the Washakie National Farm Loan Association, of Worland, Wyo., favoring the passage of the so-called Strong bill, providing for amendments to sections 3, 4, 6, 9, 12, and 15 of the Federal farm loan act. I move that the resolution be referred to the Committee on Banking and Currency.

The motion was agreed to.

Mr. KENDRICK. I present a resolution adopted by the Dubois National Farm Loan Association, of Dubois, Wyo., favoring the passage of the so-called Strong bill, providing for amendments to sections 3, 4, 6, 9, 12, and 15 of the Federal farm loan act. I move that the resolution be referred to the Committee on Banking and Currency.

The motion was agreed to.

Mr. KENDRICK. I present a resolution adopted by the Farmers' Central National Loan Association, of Basin, Wyo., favoring the passage of the so-called Strong bill, providing for amendments to sections 3, 4, 6, 9, 12, and 15 of the Federal farm loan act. I move that the resolution be referred to the Committee on Banking and Currency.

The motion was agreed to.

## REPORT OF NATIONAL SOCIETY DAUGHTERS OF THE AMERICAN REVOLUTION (S. DOC. NO. 289).

Mr. MOSES. I ask unanimous consent to report a resolution from the Committee on Printing.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. MOSES. I ask further unanimous consent for its immediate consideration.

There being no objection, the resolution (S. Res. 412) was read, considered by unanimous consent, and agreed to as follows:

*Resolved*, That the report of the National Society of the Daughters of the American Revolution for the year ended March 1, 1922, transmitted to Congress by the Secretary of the Smithsonian Institution, pursuant to law, be printed as a Senate document, with illustrations.

## RECESS.

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock to-morrow, according to the unanimous-consent agreement.

The motion was agreed to, and (at 5 o'clock and 55 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Friday, January 19, 1923, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

THURSDAY, January 18, 1923.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

To our loving Father in heaven we offer our tributes of praise and gratitude. We bow before Thee in contrition and trust. We know that Thy ear is not closed, nor Thy arm shortened. May it always be our delight to expend our strength and skill and zeal on the very best themes of human thought and life. We beseech Thee, O Lord, that this warring, weeping world may not go back to its trenches. O bring a fresh redemption to it that shall honor Thee and save humanity. May it return to its rest and prove the promises of the Most High God. To the troubled in spirit, to those cumbered with heavy cares, and unto all this day be a sweet blessing. Amen.

The Journal of the proceedings of yesterday was read and approved.

## LEAVE OF ABSENCE.

By unanimous consent, Mr. SCOTT of Michigan was granted leave of absence for 10 days, on account of illness.

## AMENDING REVENUE ACT IN REFERENCE TO CREDITS AND REFUNDS.

Mr. GREEN of Iowa. Mr. Speaker, by direction of the Committee on Ways and Means I present a privileged report on the bill (H. R. 13775) to amend the revenue act of 1921 in respect to credits and refunds.

The SPEAKER. The gentleman from Iowa presents a privileged report on a bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 13775, Rept. 1424) to amend the revenue act of 1921 in respect to credits and refunds.

The SPEAKER. Referred to the Union Calendar.

Mr. STAFFORD. Mr. Speaker, I think it better to reserve all points of order on the bill.

## SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 4260. An act to extend the time for the construction of a bridge over the Columbia River, between the States of Oregon and Washington, at a point approximately 5 miles upstream from Dalles City, Wasco County, in the State of Oregon; to the Committee on Interstate and Foreign Commerce.

## WAR DEPARTMENT APPROPRIATIONS.

Mr. ANTHONY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13793) making appropriations for military and nonmilitary activities of the War Department.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 13793, with Mr. TILSON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 13793, the War Department appropriation bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 13793) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1924, and for other purposes.

The Clerk read as follows:

## LIBRARY, SURGEON GENERAL'S OFFICE.

For the library of the Surgeon General's office, including the purchase of the necessary books of reference and periodicals, \$15,000.

Mr. ROACH. Mr. Chairman, I move to strike out the last word. I am a little curious to know, Mr. Chairman, just how we spend over \$1,000 a month on the library in the Surgeon General's office. I would like the opinion of the Chairman on that subject.

Mr. ANTHONY. For the information of the gentleman I will state that the library of the Surgeon General's office is quite an institution. It has the largest collection of medical books there is in the country in any place.

Mr. ROACH. It evidently must be.

Mr. ANTHONY. And is used by physicians and surgeons all over the country by correspondence as well as by personal visits, and it necessitates the employment of quite a force of clerical help. Now, another thing that will necessitate an increase of the clerical force, and which I propose to ask for in an amendment in a few minutes, is during the last year the Prudential Insurance Co. of New Jersey has made a present to the Government of 50,000 volumes of medical works which they want to place on their shelves now and classify, a very valuable addition.

Mr. ROACH. That does not cost us anything.

Mr. ANTHONY. No, that is a present, but it costs money to place those books in position and take care of them.

Mr. ROACH. We are appropriating \$215,080 in the next item for that purpose. What I was particularly interested to know—

Mr. ANTHONY. This is a \$15,000 appropriation.

Mr. ROACH. Per annum by Congress for supplying the books of the library of the Surgeon General.

Mr. ANTHONY. Eight thousand dollars of the \$15,000 goes to purchase the books each year and \$7,000 is expended for medical journals.

Mr. ROACH. It does occur to me that it is a rather large item in the bill, and I was wondering if the committee had gone into that matter carefully to determine whether the amount was necessary.

Mr. STAFFORD. If the gentleman will permit—

Mr. ROACH. I will.

Mr. STAFFORD. As the chairman of the committee has stated to the committee, the library connected with the Surgeon General's office of the War Department is the largest technical surgical and medical library in the country.

Mr. ROACH. It does not justify extravagance in Army expenditures, and there is a good deal of complaint in that respect.

Mr. STAFFORD. If the gentleman will make a visit to this wonderful library of technical books, he will become impressed immediately with its extensiveness and the advisability to keep it extant. In connection with the Library of Congress, I call the gentleman's attention to the annual appropriation of \$200,000, or thereabouts, for the purchase of rare collections, and the Librarian of Congress does not utilize that full amount at one time.

Mr. ROACH. That seems to be an altogether different proposition. Here is but one officer of the Army, where we are expending more than \$1,000 a month for his library.

Mr. STAFFORD. The gentleman realizes, however, that it is an immense library for the medical profession of the country, and he would not favor a policy of stagnation, but he would vote the small sum of \$8,000 for the acquisition of new books so as to keep that library up to date.

Mr. ROACH. There does not seem to be any danger of it becoming stagnant with the expenditure of \$15,000 a year.

Mr. STAFFORD. Fifteen thousand dollars on a library that is worth several million dollars, comprising several hundred thousand volumes! Does not the gentleman wish that this rare corps of surgeons connected with the Army, comprising 1,000 men, shall be kept posted—

Mr. ROACH. Considering the careful provision that is made by this library, as stated by the gentleman from Kansas [Mr. ANTHONY], I doubt whether this appropriation is justified.

Mr. STAFFORD. Does not the gentleman wish to have these thousand men kept posted right to the minute by having at their command several thousand professional journals? This library is available to the medical profession of all the country and is resorted to by them.

Mr. ROACH. I will ask the gentleman this question: Who disseminates this information from the library out into the country, and what does it cost?

Mr. STAFFORD. It is disseminated through the librarian.

Mr. ANTHONY. I think I can give a concrete illustration of the work that is being done by this medical library. General Ireland stated that a surgeon had written to him from one of the States in regard to some recent medical developments, some serum, or something, and they immediately put their force to work collaborating the latest information on the subject, and they sent that information that is priceless to him; information that otherwise he would have had no opportunity of getting unless he attended one of the big hospitals or clinics in the country. They are constantly doing that work.

Mr. STAFFORD. Not only do physicians call upon it, but Members of Congress frequently avail themselves of this wonderful collection of scientific volumes.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from Wisconsin is recognized for five minutes.

Mr. STAFFORD. Only in the past year, when I had a near relative who was afflicted with a kidney disorder, I called upon the library of the Surgeon General's office to furnish me with an elementary work, and I was regaled and enlightened by reading a small manual published by a teacher at the Yale medical school describing the various disorders of the kidneys. Then, having been furnished this elementary work, of readable character, I asked for some other elementary works on other disorders, just as a means of diversion, because it was so interesting. I want to emphasize the fact that this complete library is in one respect just like the Library of Congress, but more so—subject to the call of the medical profession of the country. It is, in fact, a monument illustrating the scientific work of the War Department.

I wish to call attention to the generosity of the Prudential Life Insurance Co. in transferring their 50,000 volumes, containing very valuable statistics, to this library, not only without expense of transportation, but even providing the file cases and the stacks. When they found that the stacks they had in use in New York were not available, they provided new stacks.

Mr. ROACH. Considering that contribution to the library that the gentleman has mentioned, it seems to me that with an appropriation of \$1,000 a month you would have all the medical works in the United States for this library.

Mr. STAFFORD. If this library consisted of only a few thousand volumes I would admit that the upkeep of \$15,000 might be a little extravagant. Even if it were a small library, even the gentleman from Missouri, knowing his desire to advance scientific knowledge throughout the country along every line of activity, would not, I know, be so grudging as to wish to have the medical profession and the medical officers connected with the Army deprived of the use of this \$7,000 worth of journals.

Mr. ROACH. I know; but I know that these Army officers usually get all that is coming to them in the way of appropriations.

Mr. STAFFORD. This is no donation to the Army officers. It is for their enlightenment.

Mr. HUDSPETH. Is not this library the most complete medical and surgical library in the United States?

Mr. STAFFORD. Yes.

Mr. ROACH. Where is it located?

Mr. STAFFORD. At Seventh and B Streets SW. A whole building is given over to it. If the gentleman wants to go down there immediately, I will give him the exact location.

Mr. ROACH. No. I was wondering whether or not these gentlemen who are patronizing that library so extensively could not get the same information out of the Congressional Library?

Mr. STAFFORD. No; and for this reason: The Congressional Library, in the way they operate that wonderful institution, transfers to the Surgeon General of the Army all the technical and medical books that come to them in their line—thousands of books of a scientific character.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. FESS rose.

Mr. HUSTED. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The Chair will first recognize the gentleman from Ohio.

Mr. FESS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I would like to have the attention of the committee on this side of the aisle. The topic that is being discussed, I think, is of extreme importance. The library that is under consideration is down here in a red brick building on the Mall, in the southwestern part of the city. It houses the most important collection of technical works touching surgery that can be found anywhere in the country.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield in that particular?

Mr. FESS. Yes.

Mr. STAFFORD. I stated in colloquy with the gentleman from Missouri [Mr. ROACH] that the library was located in a building at Seventh and B Streets SW., just as the gentleman has stated.

Mr. ROACH. The gentleman was referring to the hearings.

Mr. STAFFORD. No. I stated in my first remarks where it was located.

Mr. FESS. The gentleman from Ohio does not need to refer to the hearings. The gentleman from Ohio has looked into this library a number of times. What I want to call to the attention of the committee is that it is housed in a building that is not fireproof.

I would not say it is a tumble-down building, for it is not, but it is far from being fireproof. Only a short time ago a distinguished visitor from another country in the Capital made the comment that there under that roof was, so far as he knew, the most important collection of scientific works applicable to the professions of medicine and surgery to be found anywhere in the world.

Mr. DOWELL. Mr. Chairman, will the gentleman yield for one question?

Mr. FESS. I yield.

Mr. DOWELL. The gentleman from Wisconsin said these scientific works were sent down there from the Library of Congress. Are there duplicates of these books in the Congressional Library?

Mr. FESS. There is no duplication in the sense that every book found in this technical library is also found in the Library of Congress.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes.

Mr. STAFFORD. In response to the question propounded by a member of the committee, General Ireland states in the hearing that the Library of Congress gave them the surplus copyright books, and that they have other exchanges.

Mr. FESS. That would only apply to the publications in the United States on which there are copyrights.



Mr. DOWELL. Does the gentleman mean to tell the committee that the Congressional Library is not purchasing all these books?

Mr. FESS. That is true. The Congressional Library is not purchasing all the scientific books available in the world because of lack of funds. I think we have not been as responsive as we should be to the needs of the Library. They get all the copyright books without purchase, as the gentleman knows, and many of the world's publications through exchanges by the Smithsonian Institution. I am referring to books that are published in other countries, many of which we do not secure for the Library of Congress.

Mr. DOWELL. What I am getting at is this: We are providing here a special appropriation for the purchase of scientific works.

Mr. FESS. Yes; that is not a duplication.

Mr. DOWELL. Are those purchased books also in the Congressional Library?

Mr. FESS. No; I think not; especially not all of them.

Mr. DOWELL. That is the point I wanted to bring out.

Mr. McKENZIE. Will the gentleman yield?

Mr. FESS. Yes.

Mr. McKENZIE. My question is suggested by the statements made by the gentleman from Iowa. Even if it were true that the books that are placed in this medical library were also placed in the Congressional Library, it would not answer the purpose.

Mr. FESS. That is true.

Mr. McKENZIE. The medical library disseminates information. It is the place where the medical men of the country look for medical information rather than the Congressional Library.

Mr. FESS. There are certain classes of books of which they ought to have duplicates, and others they do not need.

Now I should like to ask the gentleman, a member of the Military Committee, whether there is any thought of removing this library from these quarters to any better quarters where there is more fire-proof protection?

Mr. McKENZIE. I want to say to the gentleman from Ohio in that connection that it is the expectation that this library will be removed to the grounds of the Walter Reed Hospital, and we consider that a part of the plan; and unless Congress undertakes to destroy that great tract out there by building street-car lines through it, and so on—if we will permit it to go on, in my judgment it will become eventually the greatest center of medical knowledge and information in the world.

Mr. FESS. That is precisely what it is intended to do, and the suggestion is a very good one. All I wanted to do was to commend the committee for the appropriation which is keeping up with the demands of this tremendous research work, and I wish individual members of the committee would visit that library. There is no field of investigation or research so widely important and so wonderful in results as the field of surgery. We should not hesitate to keep up to the times in this important investigation.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, I would not wish to have the impression go abroad that these most valuable scientific books are housed in a building that is lacking in fireproof protection. The building down here on the Mall, with which I am quite well acquainted, in front of which is the statue of Dr. Samuel Gross, a noted Philadelphia surgeon, is, as testified by General Ireland, a practically fireproof building. He states that it is what would be called a very slow-burning building. Of course, it is not modern. It was built probably 40 years ago, but it is not built of combustible material. It is not a shack or anything like that. It is practically a fireproof building. It is not the character of fireproof building of to-day which is proposed to be built out on the Walter Reed Hospital grounds, where the Army Medical School is to be transferred the coming year, and where ultimately this library is to be transferred when the building is erected.

Mr. DALLINGER. Does the gentleman think these priceless books should be kept in a slow-burning building?

Mr. STAFFORD. No; but I wish to dissipate the impression that this library is in a combustible building that is in immediate danger. It is not the up-to-date fireproof building that would be constructed to-day, but it was regarded as a fireproof building when it was constructed 40 years ago. Improvements have gone on so rapidly in that line that it can not be consid-

ered as meeting the requirements of fireproof protection as understood to-day.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment of the gentleman from Ohio. When General Ireland was before the committee this proposition shocked the conscience of the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Far be it from having any such effect upon me.

Mr. BLANTON. I was just judging from what happened, because the gentleman from Wisconsin immediately began to pounce upon him. He said, "You asked for only \$12,000 last year. We gave you \$12,000 last year. What do you want with an increase?"

Mr. HUSTED. That is what the chairman of the subcommittee always says.

Mr. BLANTON. General Ireland said, "Why, 50,000 volumes have been given to us by the Prudential Life Insurance Co." "Has it cost you anything for those books to be transmitted to you?" "No; they have been transmitted to us free of cost. We have not paid out anything." "Well, are the stacks going to cost you anything?" "No; we decided that we could not use our stacks, that we need a different kind of stack." "You have to pay for them, don't you?" "No; we do not have to pay for them, because the Prudential is furnishing them to us free. They are building new stacks in accordance with our estimates and requirements, and it is not costing the Government a cent." "Why did you mention the 50,000 volumes then if that had nothing to do with the transaction?" My friend from Wisconsin [Mr. STAFFORD], who wants to know all about these matters in the committee, asked him these questions. Then he asked him this question, on page 539 of the hearings:

How much do you estimate the Prudential is expending in the furnishing of new stacks for this special library?

General Ireland said:

\$4,750 for books and \$6,200 for journals.

That makes a little over \$10,000. That is what we are expending this year for that magnificent library, but we are giving them in this bill \$15,000. If we already have the finest library in the world for scientific research, and if we only had to spend \$12,000 this year, and if on top of that the Prudential Co. made us a present of 50,000 of fine volumes for the library and are putting in the stacks at their own expense, why should we have to expend more this year than we did last?

Now, the gentleman from Missouri is exactly right. The committee asked a few general questions, and the distinguished general before the committee gives a few general answers and satisfies the gentleman from Wisconsin. He shuts up and \$15,000 goes into the bill when there is no reason shown for it.

Mr. KLINE. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. KLINE. Would it not require some help to take care of these 50,000 volumes and to arrange them for the benefit of those who need the information?

Mr. BLANTON. We are giving \$215,000 in the next paragraph for the dissemination of scientific knowledge. The gentleman from Missouri called attention to that. We are giving them a great army of employees to help them.

Mr. STEPHENS. Does the gentleman know about the location of this building down on the Mall?

Mr. BLANTON. Yes; it was stated by the gentleman from Wisconsin and the gentleman from Ohio.

Mr. STEPHENS. Does the gentleman know anything about the character of the building as to its being fireproof?

Mr. BLANTON. That was stated by the distinguished General Ireland. He said it was one of those buildings that is partly fireproof. He said it is one of those slow-burning buildings. It burns slowly. It is not exactly fireproof, but practically fireproof. He said it had been condemned as one of the buildings that must be removed from the Mall. But what has that got to do with this \$15,000 appropriation?

Mr. STEPHENS. The gentleman says it was a slow-burning building. I would like to ask if it was burning slowly when he was there.

Mr. BLANTON. No; it was not burning at all. The distinguished general said that it was slow burning, and having convinced the gentleman from Wisconsin he quit asking general questions and General Ireland quit giving general answers, and the \$15,000 went into the bill. That is the way these bureau chiefs get big appropriations year after year before our committees. They come in and the committee will make a little fight, the smoke will go up, the fight stops, the money goes into the bill to be expended. I am with my colleague from Missouri if he will try to stop it. I have been trying to stop it

ever since I have been here, but we can not do it as long as the distinguished gentleman from Wisconsin, who is generally persistent, lies down.

Mr. HUSTED. Mr. Chairman, this item of \$15,000 instead of being extravagant is a very modest one for the maintenance of this library. The books they purchase are scientific books and cost relatively a large amount of money. Fifteen thousand dollars will not go very far in acquiring the annual publications of medical and surgical books and pamphlets which are issued throughout the world. This is not an ordinary library. This is the most perfect and complete medical and surgical library in the United States. It is one of the places where any surgeon or any doctor in this country can go and be sure of obtaining the very latest scientific medical and surgical results. It is the one library where they maintain a force of experts to file and digest and distribute this information to anyone who applies for it whether he be a doctor or a surgeon.

The Bureau of the Budget, which we know is a pretty close organization and which cuts down estimates sometimes to points that we think are not reasonable, allowed for this library this year \$18,000. So that the Committee on Appropriations has not even equaled in its appropriation the amount estimated by the Budget Bureau, but has cut it \$3,000. They say they expended \$12,000 this year. That does not mean that that was all the library could usefully expend. It means that it was all that Congress allowed them to expend. I have no doubt that they could usefully expend the full amount of \$18,000 allowed by the Budget Bureau, and as far as I am concerned I wish they had the full amount of \$18,000. I believe the Surgeon General could make the very best use of it. I do not think there is an item in the bill that will do more for the health and comfort of the people of the United States than this small item of \$15,000.

Mr. HICKS. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. HICKS. Is not it proper and eminently fit that the Federal Capital should have the finest library of this kind it is possible to obtain?

Mr. HUSTED. Absolutely.

Mr. STAFFORD. Will the gentleman permit me to read a statement of General Ireland?

Mr. HUSTED. I yield.

Mr. STAFFORD. General Ireland said that the appropriation last year does not allow us to keep up with the literature of the world.

The subcommittee did not go to the extent of making an appropriation that would allow them to keep up with the literature of the world.

Mr. HUSTED. It is manifest that the committee did not.

Mr. FESS. Will the gentleman yield?

Mr. HUSTED. Yes.

Mr. FESS. Is there any field in which there are more remarkable developments than there is in medicine and surgery?

Mr. HUSTED. If there be any, I certainly do not know of it.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. HUSTED. Certainly.

Mr. CONNALLY of Texas. Going back, I notice on page 52, in lines 12 and 15, there is a proviso that no part of this appropriation shall be used for the payment of any expense connected with the publication of the medical and surgical history of the war with Germany. What is the reason for that?

Mr. HUSTED. I am not sure, but I think the reason is that it is being done under some other item of appropriation.

Mr. CONNALLY of Texas. I think the gentleman is mistaken. I understand from a surgeon and physician that this is one of the most valuable medical works that has been compiled by anybody, and on inquiry at the Surgeon General's office I find that it is out of print.

Mr. ANTHONY. I will say that this is in process of preparation. It consists of 15 volumes, and 1 or 2 volumes have been completed. Nine will be completed this year. We have previously appropriated a total of about \$277,000 for that purpose. Congress originally limited this cost to \$150,000, I think, but it has exceeded that, as these figures show, and \$15,000 is provided further on in the bill.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CONNALLY of Texas. Mr. Chairman, I move to strike out the last two words. I yield to the gentleman from Kansas.

Mr. ANTHONY. Mr. Chairman, I simply wanted to give the gentleman the information that we are asking for \$15,000 more to carry on the work of the completion of the publication of the medical history later on in the bill.

Mr. CONNALLY of Texas. So that the work of the publication of that history will go forward?

Mr. ANTHONY. It will be carried forward to completion.

Mr. CONNALLY of Texas. I think it very important that that be done, because I see no use in compiling this great mass of information if the profession is not to get the benefit of it.

Mr. ANTHONY. In addition to the \$15,000, which will take care of the editorial work, the actual cost of the volumes will be taken out of the general appropriations for printing in the War Department.

Mr. DOWELL. How many copies of that will be printed?

Mr. ANTHONY. I do not think that has been determined as yet, but I understand the number will be 3,000 sets, for distribution only to libraries in this country and abroad.

Mr. DOWELL. Will it be where it can be secured by those who desire to get it?

Mr. ANTHONY. I do not think there has been any method of distribution positively decided upon.

Mr. DOWELL. Will there be enough volumes printed so that it can be distributed, so that this information can be obtained outside of the Army?

Mr. CRAMTON. Mr. Chairman, I rise in opposition to the amendment. I am not in opposition to the proposed appropriation for the Army library. I have been advised by physicians that it is by all means the greatest medical library in the country. I do, however, want to call attention to a very interesting illustration of the different treatment which we accord to things military and to things civil. We are now appropriating for the medical library for the Army, which has grown until now, though the finest in the country, it still requires from twelve to fifteen thousand dollars a year. We have a Patent Office which is more than self-sustaining, whose officials are constantly called upon to pass on very fine technical questions, questions of mechanics, chemistry, engineering, and if the library that they have were given \$15,000 in one year, I presume they could double the library. We have been giving them \$3,000 a year, and for next year \$8,000 for new books for that library. I hope a time will come when there will be some sort of readjustment, and if it does continue to be true that we have untold thousands to give for military activities in time of peace, that we may come to the point where we can say that we have similar sums to take care of such important agencies as the Patent Office, which is self-sustaining. Very recently in the Patent Office a decision was made involving a question of chemistry. After the decision was rendered the latest works on chemistry were referred to and it was demonstrated that the decision was wrong, and it was made in that way because the Patent Office did not have at hand the latest work on chemistry. We gave them this year all that the Budget asked for, but I hope that in the Budget office and in Congress there may come a time when the spirit of generosity will become such as to treat the scientific libraries which are used for civil purposes as well as we treat the scientific library in the War Department.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. WINGO. Do I understand the gentleman that at this particular time he questions the infallibility of the Budget?

Mr. CRAMTON. Oh, not at all; and I would not avowedly question the wisdom of Congress, but sometimes thoughts drift through my mind carrying doubt as to whether we are all wise in our extreme liberality for military activities, and the closeness with which we hold down civil activities.

Mr. WINGO. Mr. Chairman, I rise in opposition to the pro forma amendment. As I understand the gentleman from New York [Mr. HUSTED], he said that the committee really had been very economical, because it has allowed \$3,000 less than the Budget recommended, and, as I caught the "drift of the thought that was floating through my mind" of the gentleman from Michigan, he was somewhat resentful of the limitations of the Budget with reference to the particular library that he discussed, and what he seemed to think was a correspondingly relative overliberality for this particular medical library. I asked him if he questioned the infallibility of the Budget at this time, because, as I recall, it is not very long since the gentleman was resisting the "onslaughts of an ignorant and incompetent Congress," to use a pet phrase of the pink tea philosophers, in its efforts to exercise some independent thought and not submit to the limitations of the Budget.

I picked up a paper this morning, one of the greatest in America, and read an interesting editorial in it that is somewhat in keeping with what the gentleman from Michigan intimated might be drifting through his mind.

The editor of this newspaper is a brilliant man, and a patriotic man, and he seemed to be very much distressed that in the handling of these supply bills this year Congress seemed to be



disposed to exercise some independent discretion in the appropriation of moneys, and was not willingly submitting to the limitations of the Budget. The editorial in substance said that the people of America should wake up, that Congress was absolutely about to override the limitations of the Budget, and some Congressmen were insisting that the House of Representatives had the right to increase an appropriation beyond the amount the Budget had told them was proper. Reading the record of the proceedings of another body a few days ago, and I want particularly to direct the attention of the House to this proposition, I discovered that the rules of that body have been so amended that an amendment increasing by a few thousand dollars an item which had been put on the bill in the House went out on a point of order because the amendment would make the item larger than that which had been estimated by the Budget.

Now, you may smile, gentlemen, but it is a serious proposition. Oh, of course, all of us saw the wisdom of having a budget that would make the departments make their estimates more intelligently and more economically. There was never any doubt in the minds of thoughtful, intelligent, informed men that the House of Representatives especially was careful in appropriating public money. Why, it was penurious, that being the contention of the departments, so penurious that the custom had grown up in making the estimates to make them larger than they really wanted on the theory that the House of Representatives in its niggardly policy, as it was described, would cut them down. So I say the real intelligent agitation for a budget was for many years for something, not to control the House of Representatives, but it was to control the improvident and extravagant and wasteful estimates of the executive branch of the Government, and so to provide a budget that would make it impossible for the President of the United States to pass the buck, but made it his duty intelligently, through a budget system and organization, to go into the real needs of the departments and try to cut down their estimates to a point where there could be an intelligent consideration of those estimates by the House of Representatives. But, of course, the country, listening to these great uplifters, who regard the House of Representatives, and practically every other constitutional agency of our Government, as one of the necessary evils that they have to put up with because the Constitution requires it, fed the country upon the idea that the Budget is infallible, and that this House has no right to create any agency of Government or to provide for the expenditure of any money unless the executive department, with the approval of the Budget Bureau, urges it. But you are enamored with that idea, gentlemen, and those who protest against such a vicious overthrow of our real theory of Government are abused when we call attention to the fact, but the day will come when the people will wake up to the fact that our system of government is not a failure.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I would ask for five minutes additional.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent to proceed for five additional minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. WINGO. I was saying the people will wake up to the fact that our system of government is not a failure, that the greatest safeguard for economy is that the House of Representatives, the direct representatives of the taxpayers, should exercise their independent judgment, under the weight of their responsibility, in determining how the taxpayers' money shall be expended. I for one am resentful of this idea, which some Members of this House encourage, that constitutional government has broken down and the House of Representatives has not the capacity to frame supply bills, but that we should sit here like a bunch of young jay birds in a nest with our mouths open and swallow any revenue or expenditure worm that the Budget Bureau condescends to stick in our mouths. I say I am resentful of that theory, which is asserted with enthusiasm, of this new idea that another body has rules by which it has tied itself so that if the House of Representatives puts upon a bill an item of \$5,000 and some Member of that body who has investigated the question and believes that \$6,000 is necessary for that particular item and offers to increase it \$1,000, that body is tied hand and foot, and its Presiding Officer rules it out of order because the lords of the Budget have not estimated as much as \$6,000. Those who contend for that kind of a rule in this House and in the other body indict the capacity of the Congress to discharge its constitutional duties, and that is to hold the purse strings of the Nation, decide what revenues shall be raised, and how the moneys that flow from those revenues shall be expended. But you are drifting along to-day. Why, the reason these supply bills have gone through so rapidly is twofold. One is to prevent an extra session and the other is a mistaken idea that the poor, ignorant mortals of the House

and Senate should not question the wisdom of the gentlemen who made up the estimates and set the boundary. We ought to discharge our constitutional duties. Bolshevism! I am not afraid of Bolshevism that finds expression on a soap box in New York, Chicago, and Milwaukee, but I am afraid of that high-browed Bolshevism that treats with contempt and irritation our form of government, that has no respect for or confidence in the capacity of the American people to govern themselves through their established constitutional agencies. If they had their way to-day they would have a director of railroads, and they would have a director of fuel, and a director of mails, and a director of steel, and a director of cotton, and a director of wheat, and a director of everything. In other words, they have no faith in the capacity of the people to govern themselves and they want an autocrat in this country, an autocrat that is as vicious and as contemptible as either the autocracy of the Czar or the autocracy of Lenin and Trotsky. [Applause.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### CARE OF INSANE SOLDIERS OF SIXTY-FIFTH REGIMENT OF INFANTRY.

For care, maintenance, and treatment at asylums in Porto Rico of insane soldiers of the Sixty-fifth Infantry, formerly known as the Porto Rico Regiment of Infantry, \$50.

Mr. HICKS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New York moves to strike out the last word.

Mr. HICKS. I do so merely to secure information. The amount of \$50 is a very commendable sum to put in an appropriation bill, so far as size is concerned, but it is so extremely small that I am wondering how much care can be given to the insane soldiers for \$50 a year.

Mr. ANTHONY. My recollection is that this sum used to be \$15,000, but we are so fortunate now that Porto Rico has no insane soldiers. This item is put in there simply to keep that appropriation alive. They might have some next year.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

#### ORDNANCE STORES, AMMUNITION.

For the development, manufacture, purchase, and maintenance of airplane bombs; of ammunition for small arms and for hand use for reserve supply; of ammunition for burials at the National Soldiers' Home in Washington, D. C., and of ammunition for firing the morning and evening gun at military posts prescribed by General Orders, No. 70, Headquarters of the Army, dated July 23, 1867, and at National Home for Disabled Volunteer Soldiers and its several branches, including National Soldiers' Home at Washington, D. C., and soldiers and sailors' State homes; for manufacture and purchase of ammunition, targets, and other accessories for small arms, hand and machine gun target practice and instruction; and ammunition, targets, target materials, and other accessories which may be issued for small-arms target practice and instruction at the educational institutions and State soldiers and sailors' orphans' homes to which issues of small arms are lawfully made, under such regulations as the Secretary of War may prescribe, \$574,000.

Mr. HICKS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from New York moves to strike out the last word.

Mr. HICKS. I do so for the purpose of asking the gentleman from Kansas a question, because we are, all of us, interested in having our Army kept in the highest state of efficiency. Of course, there must be on hand vast quantities of guns and rifles of modern construction, and mounts and materials of all kinds. I find here items running into the millions for new equipment, and while I approve of keeping our Army properly equipped I am prompted in asking why so much money is required? I am not criticizing it, because I believe in it.

Mr. ANTHONY. The item which the Clerk has just read calls for \$574,000 for the development, manufacture, purchase, and maintenance of airplane bombs.

Mr. HICKS. I was speaking more of the other items that follow—the manufacture of arms, and overhauling ordnance stores, and supplies and automatic rifles, and so forth.

Mr. ANTHONY. The item that has just been read is probably the largest and most important of that type in the bill, and it is a field where there is ample room for development. The use of the airplane bomb is likely to occupy such a prominent part in future warfare that we felt it wise to go ahead and allow them ample money for the development of that type of bomb.

We have immense quantities of war material on hand, and it is going to be useful for probably a good many years to come; but it is necessary to allow a reasonable amount of money for the development of new types of artillery and new types of ammunition in order to keep our workmen at the arsenals and Government plants abreast with the progress of the times in these arts of manufacture.

Mr. HICKS. Do I understand the gentleman from Kansas, then, desires to have the impression that as to the items of manufacture of arms, \$374,000, and \$224,000 for automatic rifles, these sums will, probably, largely be for experimental purposes rather than for the procurement of new arms?

Mr. ANTHONY. Take, for instance, the manufacture of small arms. That will allow the Springfield Arsenal, which is our standard factory for the manufacture of that class of weapons, to proceed on the basis of turning out 40 rifles a day. The alternative presented to us was either to produce such a small quantity as that or else to leave the plant lying idle.

Mr. HICKS. These appropriations, then, will be to prevent our factories from becoming stagnant and in order that the plants shall be kept in a "stand-by" condition, so that we can call upon them when necessary?

Mr. ANTHONY. Yes.

Mr. HICKS. I think that is a commendable policy to adopt.

Mr. HULL. Mr. Chairman, will the gentleman yield?

Mr. ANTHONY. Yes.

Mr. HULL. I am very much interested in seeing that these factories are kept in a stand-by condition, especially with reference to the manufacture of rifles. But will the gentleman say whether they are developing the Springfield rifle from what it was to a modern rifle? I presume the gentleman knows that the Springfield rifle we used in the World War was the model of 1903. It is probably the best rifle that is manufactured in the world to-day, but the model is 20 years old. There are several improvements that have been proposed to make this rifle a modern rifle. I am very much interested in having the rifle brought up to date and then manufactured in small quantity, to see whether they have a better rifle than the present one, and when it is perfected the jigs, tools, and dies necessary to produce them in large quantities should be made and kept on hand. I have urged this on the Ordnance Department, but unfortunately there seems to be somebody putting on the brake somewhere, so that this rifle is not brought up and made modern.

Mr. ANTHONY. In reply to the gentleman's question I will say that the opinion of the military experts who came before our committee is to the effect that our service rifle, even though its general design may be about 20 years old, is still regarded as superior to any other military rifle in the world.

Mr. HULL. There is no question about that; but it is also true that the military experts agree that the rifle should be changed in many ways to make it even a better shooting rifle than it is to-day. Why do they not bring it up to the maximum of efficiency? That is the question.

Mr. HICKS. Could the Rock Island Arsenal bring it up to date?

Mr. HULL. They could bring it up to date if they wanted to, and they should be compelled to do so.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I move to strike out the last word. I wish to call the attention of the subcommittee to what I believe to be the improper form of some of these items, grouping together matters radically different from one another. In framing an appropriation bill the aim is, or should be, to get similar matters together, instead of mixing different propositions all up in one paragraph and providing a very large appropriation to be spent just as the officer in charge of the matter may wish. I call the attention of the committee to the item on page 62:

For the development, manufacture, purchase, and maintenance of airplane bombs; or ammunition for small arms and for hand use for reserve supply.

This is a large and very important activity.

And we find it hooked up with a proposition to provide for firing salutes over deceased soldiers at soldiers' homes. When appropriation bills came from the committee of which I am a member we were severely criticized if we did not separate items that were different or for grouping dissimilar matters together and providing one great big appropriation for all of them without any division or distinction.

Mr. ANTHONY. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. I yield to the gentleman.

Mr. ANTHONY. I think the criticism is a good one; but the gentleman will bear in mind that the ammunition for

firing certain guns at national military homes has to be furnished by the Government, and this paragraph would authorize the purchase of such ammunition, if necessary, and its transfer to the soldiers' home authorities. So it is related to the paragraph.

Mr. McLAUGHLIN of Michigan. And here is a provision for target practice at sailors' orphans' homes hooked up with one of the largest propositions that the Army has anything to do with. That is, we find here authority and a large amount of money for the development, manufacture, and purchase of airplane bombs, the development of firearms, inventions, and discoveries, their better use, and all that, hooked up with a small and radically different matter at a sailors' orphans' home.

Mr. HICKS. Will the gentleman yield for a question?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. HICKS. Would not the gentleman think that we have enough powder and ammunition on hand to fire salutes for the next thousand years without buying any new powder?

Mr. ANTHONY. If the gentleman will yield, there is no item in here for buying new powder. This is the language that has been carried for years, and the Government undoubtedly is turning over powder which it has on hand to these institutions to be used for this purpose.

Mr. HICKS. It says "for the purchase of ammunition for salutes."

Mr. ANTHONY. They do not actually buy the ordinary powder for that purpose if they have stocks on hand, which they undoubtedly have.

Mr. McLAUGHLIN of Michigan. I respectfully suggest that paragraphs of the bill be arranged in such a way that the Congress can give some direction as to how the money of the Government is to be spent, and later have information as to how it has been spent.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

#### AUTOMATIC RIFLES.

For the purchase, manufacture, test, repair, and maintenance of automatic machine rifles, or other automatic or semiautomatic guns, including their mounts, sights, and equipments, and the machinery necessary for their manufacture, to remain available until June 30, 1925, \$224,000.

Mr. HULL. Mr. Chairman, I offer an amendment, on page 63, line 7, after the word "the," to strike out the word "purchase."

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 63, line 7, after the word "the," strike out the word "purchase."

Mr. HULL. Mr. Chairman and gentlemen of the committee, there is no argument that I know of that can be used for the retention of the right to purchase automatic rifles at the present time. There may be some reason for this appropriation. Certainly there is no reason to leave in the bill the right of some one to buy something with which we are overstocked to-day. The curse and scandal of the recent war was the purchase of material during the war and after the war. I think we ought to go over these appropriation bills very carefully and hereafter take out wherever we can the word "purchase." It is left in, and then some one finds an appropriation that is unexpended, and gets hold of a man who has the right, and they purchase something. Billions of dollars of the people's money were worse than wasted in the recent war by this right to purchase.

Mr. ANTHONY. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. ANTHONY. I hope the gentleman does not want to shut off the purchase of any improved or newly developed automatic rifle. For instance, the Browning automatic rifle probably represents the highest type of development of that arm; and if the Government acquires any of those weapons it has to acquire them under the Browning patents, as I understand it.

Mr. HULL. Certainly not. They have a great supply on hand at the present time; and not only that, but they have in their arsenals facilities to manufacture them if they want them.

Mr. ANTHONY. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. ANTHONY. General Peirce, of the Ordnance Department, when before the committee on this item was interrogated as follows:

Mr. ANTHONY. What else do you intend to produce?

General PEIRCE. Some antiaircraft machine-gun mounts and some antiaircraft machine-gun adapters, model of 1917 tripods,



Mr. STAFFORD. Does the Government pay Mr. Browning anything as a royalty for the use of this new machine gun?

General PEIRCE. The 50 caliber?

Mr. STAFFORD. Yes.

General PEIRCE. We do not pay Mr. Browning directly. We procure these guns from the Colt Patent Firearms Manufacturing Co., who are Mr. Browning's licensees in this country, and an element of the cost is a royalty per gun.

The Army is short of 50-caliber machine guns. We produced none during the war, and the 50-caliber machine gun is the gun that we intend to mount upon our new planes for warfare in the air. I hope the gentleman does not want to prevent the acquirement of these Browning guns.

Mr. HULL. I think it is very questionable whether they ought to purchase these guns, but upon the gentleman's explanation I will withdraw the amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

#### TANKS.

For the purchase, manufacture, test, maintenance, and repair of tanks and other self-propelled armored vehicles, to remain available until June 30, 1925, \$169,000.

Mr. HULL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 63, line 13, after the word "the," strike out the word "purchase."

Mr. HULL. I should like to inquire of the chairman of the committee what is the reason why they want to be buying tanks at the present time?

During the war we developed tanks that were, some of them, too light, but for the most part they were too heavy. The tendency now is to develop a mobile tank that will have a speed of 25 or 30 miles an hour, enabling them to go over any country. There are two lines of development. There is the so-called Cristy tank, the development of which the War Department is closely following; and then they may want to build some tanks at the Government arsenals, and I presume at Rock Island. They are developing a tank that they have confidence in and which they feel may fulfill these requirements for the new tank.

Mr. McKENZIE. Will the gentleman yield? I want to say that I sympathize with the purpose of the gentleman from Iowa in undertaking to curb the War Department in the use of appropriations for the purchase of unnecessary material for the Army of any kind. However, is it not a fact that the word "purchase" carried in the various items is a word that has been carried for many years, and does it follow that because the word "purchase" happens to be in the paragraph that the War Department must engage in the purchase of the articles mentioned? It is only carried as a matter of legislation in case the necessity should arise. I assume the gentleman from Kansas has investigated this matter and ascertained whether or not this power has been abused by the War Department. If not abused, then we ought to carry it.

Mr. ANTHONY. It has not been abused in regard to tanks.

Mr. HULL. I do not know about that; I rather think it has. I think if the gentleman will look it up he will find that you have purchased a number of tanks at an enormous outlay of money since the close of the war.

Mr. ANTHONY. Not out of new appropriations.

Mr. HULL. Yes; out of new appropriations or lump-sum appropriations given to them. That is the trouble. You leave the word "purchase" in, and when the time comes they find the money and they go out and buy a lot of stuff that they do not need. Take the harness that you bought during the war—

Mr. ANTHONY. If it will assure the gentleman I will read the itemization of what they intend to do under this appropriation. It is all to be handled at the arsenal, which, I suppose, will be in line with the gentleman's desire.

Mr. HULL. If that is the case there is no use in leaving the word in the bill.

Mr. ANTHONY. But suppose the Rock Island Arsenal should fall down in the production of the type of tanks that the Government requires, and the Christy folks should bring out a tank that the Government did want, the gentleman does not want to prevent the War Department from the acquisition of a desirable tank?

Mr. HULL. I do if there is no use for it.

Mr. SEARS. Will the gentleman yield?

Mr. HULL. Yes.

Mr. SEARS. We all know of our experience during the war. Does not the gentleman think that some time we can reach a state of development that would get us a tank that

would kill people fast enough without squandering money on other tanks?

Mr. HULL. I have no objection to the War Department experimenting. The trouble is they have a lot of grafters, or did have during the war, that took our money and bought material that they knew at the time we did not need. I think it is time that Congress should put a curb upon these grafters. If you strike the word "purchase" out of the bill, they will have no right now or at any future time to buy stuff that they do not need. The chairman of the committee has made a plain and open confession that the use of this word in this paragraph is not necessary because they do not need it.

Mr. ANTHONY. If they build tanks at Rock Island Arsenal, they will have to buy the raw material, and the gentleman does not want to shut them off from buying raw material.

Mr. HULL. They have all the raw material in every arsenal that they want. They are filled up with a surplus of material and let them use it.

Mr. ANTHONY. There is steel and other material that is necessary to go into the tanks.

Mr. HULL. Well, you are throwing your money away.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I move to strike out the last word. I am not able to agree with the chairman of the subcommittee or the gentleman from Illinois [Mr. McKENZIE] when they say that an unnecessary or improper word in an act should be retained simply in the belief that the officer in the exercise of his discretion will act wisely and that he will not abuse that discretion. It is a slothful and improper manner of legislation. If the Congress of the United States knows what it wants to do, we ought to write it in the law, and if it knows what it does not wish to do, it should write that into law. There are many cases in which an executive officer must be vested with a large discretion, and where that is necessary let the law carry proper words giving the discretionary power. But where Congress has information, knows what it wants to do, where it determines what it does not wish to do and can find words to express its wishes, then the words should find a place in the law. But this giving an executive officer discretion to use money with the idea that it will not be abused is very slothful and improper legislation, too much indulged in by Congress, and it ought to stop.

Mr. DALLINGER. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. DALLINGER. I want to ask the gentleman from Kansas to point out on page 63, lines 14, 15, or 16, anything about material for tanks. It says for the purchase, manufacture, test, repair, and maintenance of tanks.

Mr. ANTHONY. In the manufacture of tanks the material would be involved.

Mr. DALLINGER. If we strike out the word "purchase," they can manufacture all of the tanks they want to.

Mr. ANTHONY. The committee does not desire to strike that word out. It would be a mistake to do it. This is a technical matter. This committee does not want to arrogate to itself the authority to direct the War Department as between two types of tanks which to purchase. We have not that technical knowledge. I think it would be a great mistake for Congress to direct them in the purchase of military arms, in respect to the patent or the type or the invention that they must spend the money for.

Mr. HUSTED. Is it not true that if we strike that word out, they may go ahead and manufacture tanks out of any material they have on hand, but if they do not have some particular material on hand, absolutely necessary in the construction of one of these modern tanks, even though a small amount, insignificant in price, it could not be purchased, and the construction of the entire tank would be impossible?

Mr. ANTHONY. That is true.

Mr. HULL. Where do they get any authority to buy any material in that paragraph?

Mr. HUSTED. "For purchase."

Mr. HULL. It is the purchase of tanks; it is not the purchase of material.

Mr. HUSTED. That allows them to purchase a tank or to purchase material that goes into the manufacture of the tanks.

Mr. HULL. If it does, then we ought to reform our legislation. They could not buy material with that.

Mr. HILL. Mr. Chairman, I move to strike out the last two words. This item reads as follows:

For the purchase, manufacture, test, maintenance, and repair of tanks.

That does not exclusively apply to the purchase but to the repair of tanks, and you must have material to repair tanks and purchase that material.

Mr. HULL. But when you strike out the word "purchase" you simply take away the right to purchase tanks and not anything else. They can go ahead and repair and manufacture. They can go ahead and experiment. There is no right under that but the right to purchase, and that is the right I want to take away; and I appeal to this Congress to take away that right, which has proven a scandal in the Army.

Mr. LITTLE. Mr. Chairman, I rise in opposition to the amendment. As far as the word "purchase" is concerned, I am half inclined to the opinion that we would save a lot of money if it were stricken out of all of the Army appropriations for the next 12 months, and the country might be just as well off, but before I would go that far I would like to get a little more information. A good many wars are going on. I do not know just how many there are, but if this committee would tell us in the course of these debates just how many are going on, and whether there is being developed anything new and useful along these lines, it would be satisfactory to the House.

Mr. ANTHONY. I explained a few moments ago that this money would be used for the development of a new type of tanks, a tank that would be mobile and faster than any tank that we have.

Mr. LITTLE. I heard the gentleman. Is that the result of his conclusions or the result of observing other wars?

Mr. ANTHONY. It is the result of the opinions of technical men from the War Department.

Mr. LITTLE. Without intending to be unkind, permit me to say that I have not such a high regard for the opinion of these technical men. What I am trying to get at is this: There are wars going on all of the time everywhere. Can not we find out how many there are and find out if anywhere in these wars there is being developed practically anything new?

Mr. ANTHONY. Yes; the English have developed a tank of the type I speak of, which is capable of going across the country at from 25 to 30 miles an hour.

Mr. LITTLE. Is that developed in battle?

Mr. ANTHONY. I do not know that they have had it in battle. They have made the most marked advance in the development of the tank, and we are endeavoring to follow in their footsteps and keep abreast of this work. If the gentleman will permit, for the benefit of the gentleman from Iowa [Mr. HULL], of this total item of \$169,000 which is proposed to be spent for experimental and development work, \$85,000 is to go for maintenance and \$85,000 for repairs. Out of those two items \$48,000 or thereabouts would go for salaries and \$52,000 for wages, all of which I understand will be expended at the arsenal. They have no particular tank in view that they want to purchase outright. They think they will be able to manufacture at the Rock Island Arsenal a better tank than they will be able to buy, but I do not want the language so hedged about that if somebody does build a better tank than they can build they will be precluded from buying it.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the gentleman's amendment. If the gentleman from Iowa [Mr. HULL] by striking out the word "purchase" could stop all of the waste and all of what he denominated graft in connection with the purchase and acquisition of Army supplies, I would be with him. He confined most of his statements to waste concerning war purchases during our recent war, but the most commendable thing that I know of—and there are a good many commendable things—attached to the valuable service now being rendered by our colleagues, Mr. Reavis and Mr. McCullough, and a few of their associates is going after the waste and leakage that has occurred not only since the armistice was signed but that has occurred since the present administration has been in complete charge. I understand the indictments will be due next week on this great meat scandal, involving millions of dollars, that has arisen during the life of the present administration, and they are going to get action on that, and they ought to get action. If reports are true, there are men connected with it that ought to be in the penitentiary. These gentlemen who left this House and are now in the Department of Justice are doing splendid work, and I commend them for it.

Mr. HULL. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. HULL. The gentleman says I did not mention the graft that occurred after the war. I certainly did.

Mr. BLANTON. I accept the gentleman's statement.

Mr. HULL. I reiterate that that has been the most fatal of all the graft that occurs after.

Mr. BLANTON. And ought to stop.

Mr. HULL. It occurs because we permit the use of words which are not necessary. This word is not necessary in this bill.

Mr. BLANTON. This applies to a certain kind of tank for offensive warfare. It reminds us of the evidence that has been accumulated concerning the purchase and acquisition of water troughs, which is absolutely disgusting to any decent individual.

Mr. HULL. The gentleman knows that that comes about because we leave words in bills that ought not to be left there, the right to purchase. All this scandal comes because of the right to purchase.

Mr. BLANTON. I am with the gentleman on protecting legislation and appropriations with every safeguard.

Mr. ANTHONY. Mr. Chairman, I ask for recognition. I think the gentleman from Iowa [Mr. HULL] should be explicit when he uses the word "graft" in connection with the expenditure of an appropriation. As I understand, he uses that word in connection with the expenditure of appropriations made for the Ordnance Department since the armistice. Personally I have no knowledge of any questionable purchase or transactions that have been made by the Ordnance Department in recent years. I do know that General Williams and General Peirce, who are the heads of that department, are as honorable and as high types of Army officers as I have ever come in contact with, and they are both men in whom I have implicit confidence in reference to the expenditure of public funds; and if the gentleman from Iowa has any information which the House ought to have, he certainly should give it to us.

Mr. BLANTON. I will give the gentleman some reference. If he will go to our colleagues, Mr. JOHNSON of South Dakota and Mr. WOODRUFF, and our former colleagues, Mr. Reavis and Mr. McCullough—

Mr. ANTHONY. I am referring—

Mr. BLANTON. They will give him enough evidence to keep him awake at night for two months thinking about it.

The CHAIRMAN. The question is upon the amendment offered by the gentleman from Iowa.

The question was taken and the amendment was rejected.

The Clerk read as follows:

#### FIELD ARTILLERY ARMAMENT.

For purchase, manufacture, and test of mountain, field, and siege cannon, including their carriages, sights, implements, equipments, and the machinery necessary for their manufacture, \$400,000.

Mr. HULL. Mr. Chairman, I offer an amendment: Page 63, line 17, after the word "for," strike out the word "purchase."

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report:

The Clerk read as follows:

Page 63, line 17, after the word "for," strike out the word "purchase."

Mr. ANTHONY. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. ANTHONY. I will say for information that no purchases are contemplated under this. It is all for development and experiments—

Mr. HULL. I understand it, and that is the reason I want the word stricken out. It is not necessary; it is superfluous to carry this word in there. If we should get into a war somebody would use the right to purchase a lot of material that is not necessary.

Mr. ANTHONY. If the gentleman will take for sights and equipment for field artillery, there is liable to be an invention to-morrow, some great improvement over what we have now, and it might be desirable to acquire some. We ought not to be precluded from that.

Mr. HULL. And somebody will come down here and get hold of somebody and work through an order. I do not say that General Williams or General Peirce are negligent. Somebody is, and somebody was negligent in the Ordnance Department and in the Quartermaster Department. It was not confined to our Army; it ran through every bureau of this Government; and this right to purchase is abused, frightfully abused, and I propose to offer at least to the Congress the opportunity to strike out that word. When you do not need it, let us strike it out.

Mr. STAFFORD. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. STAFFORD. Does the gentleman charge on his responsibility as a Member of this House that graft has been engaged in during the present administration in connection with these activities?

Mr. HULL. What does the gentleman mean by administration?

Mr. STAFFORD. The present Republican administration under President Harding.

Mr. HULL. I refer you to the Graham committee for their report on this graft—



Mr. STAFFORD. I am asking a direct question, whether the gentleman makes the charge of graft against the present Republican administration in the administration of these items? The gentleman can answer yes or no.

Mr. HULL. I want to escape and avoid the incentive for graft. Now we have the opportunity, and it will hurt nobody, because the chairman says the word is superfluous; so let us take it out.

Mr. ANTHONY. It is not superfluous. It is to carry on experiments and developments, and they have to buy material of all kinds.

Mr. HULL. They can not buy materials; they can only buy things. They do not buy material with it; they buy finished products; that is what they buy. Under these authorizations they buy the finished article. It is not experimental work that we want to stop. I am perfectly willing that they should experiment; but, for goodness' sake, let us stop the right to purchase the finished article because somebody has an industry which is going to be fostered. That is what you are doing.

Mr. HUSTED. Mr. Chairman, if the officers of the Army are as crooked and dishonest in the administration of these funds as the gentleman from Iowa seems to think they are, then we should strike out not only the word "purchase," as advocated by the gentleman from Iowa, but we should strike out the item itself and every other item in this bill which calls for the expenditure of money.

What does this item provide for? It provides for the purchase, manufacture and test of ammunition for mountain, field, and siege cannon, including their carriages, their sights, implements, equipment, and machinery necessary for their manufacture. If the word "purchase" is stricken out of this item, it would be impossible to buy any of those things which now may be necessary or which may hereafter become desirable for use in connection with the manufacture of field artillery. It would prevent the purchase of improved sights or equipment which may be patented during the year by parties outside of the War Department.

The gentleman from Iowa [Mr. HULL] intimates that these officers are so dishonest that we should not vest in them any purchasing authority. I do not believe it. I do not believe anything of the kind. I believe absolutely in the statement of the gentleman from Kansas [Mr. ANTHONY] that the officers at the head of the Ordnance Department of this Government are men of the highest character and that they would not permit any act of dishonesty to be committed in this department under their administration. I think we safely can trust them. If we can not trust them to the extent of investing them with this necessary purchasing power, then we certainly can not secure efficient results in the administration of this branch of the Army.

Mr. Sisson. Mr. Chairman, I had not intended to say anything at this time or consume any of the time of the committee in its consideration of this bill, because I am reasonably well satisfied with its status. But I do feel at this time that somebody at least on this side of the aisle should say something for the Army officer. He does not need any defense against the charge of dishonesty. Whatever may be the fault of an Army officer or a Navy officer, it is not that he is dishonest.

I want to say for the Army and the naval officer, having been in close touch with him for 12 years and having heard him before the committee not only before the war but during and since the war, that I have yet to see a single Army or Navy officer, a graduate of either of the academies, whose honesty and integrity has ever been questioned.

There are two things that you can say of the Army or Navy officer. He will not lie and he will not steal. That is not the trouble with Army and Navy officers. General Goethals tells us of the trouble and the weakness of the Army and Navy officers. They have been working all their lives for a client with an unlimited supply of money at their disposal, and they have never had to give the question of money any consideration, because that is not a thing that is demanded of them. The only thing demanded of an Army or Navy officer is results. We want results. Therefore he may be extravagant, for he spends money ruthlessly. That is not the case with all, but that is the rule generally, that he spends money ruthlessly, with a view only to obtaining results.

I believe there is no man who can truthfully say that the Army or Navy officer is not as a rule the most honest fellow in the world. These men are taught at West Point and Annapolis to hate a liar. They are taught to hate a thief. These young men go through that four-year course, and when they come out they despise a thief and they despise a liar. Those two things are emphasized in their instruction. They believe in manhood and courage, and manhood and courage are always accompanied, as a rule, with honesty and integrity.

Therefore, this present debate having assumed this angle to this extent, I thought it proper that these men, who can not speak on this floor themselves, should have some one speak for them who knows them, and I am delighted to bear testimony here to the fact that they are as truthful and as honest a bunch of fellows as ever served a government on earth. [Applause.]

Mr. DALLINGER. Mr. Chairman, will the gentleman yield? Mr. Sisson. Yes.

Mr. DALLINGER. Assuming that everything the gentleman says is true and assuming that the gentleman says correctly that they are extravagant with the use of public money, does the gentleman think he ought at this time to give to Army officers the authority to expend millions of dollars for material when we already have on hand material enough to fight another war?

Mr. Sisson. If the gentleman is stating a fact, I would unquestionably say "No"; I would not give it to them.

Mr. DALLINGER. It is a fact that we have this stuff on hand.

Mr. Sisson. It may be true that we have on hand more stuff along certain lines than we ought to have, and yet they may have a dearth of material of other kinds which are needed. I have given several years to the study of this question as a member of the committee, and it has been with us a great problem to know what they did have on hand and what they did not have on hand. Where they have had this material on hand it has been my belief and the policy of the committee—and the Congress has sustained us in it—not to have them buy more material. But when the testimony shows that the supply of material is exhausted, we can not, in my judgment, afford to assume a standstill policy in war material, any more than in all the other things necessary to put us in a posture of defense.

You know I am one of those fellows who believe that the United States Government ought to have the most deadly instrumentalities of war in its possession. I was criticized in the press because I once stated on the floor of this House with reference to the development of gas, poisonous gases—I was criticized because I wanted the United States Government to have the most deadly gas on earth.

I did not want any government to have more deadly gas than we have. I want to repeat that. If I could have my way, I would put in the hands of the American soldier a wand like that described by Bulwer Lytton in his *Coming Race*, where his hero would take the wand and by waving it once produce the substance which he calls *vril* and destroy the whole army of the enemy with one swoop of the wand, with absolutely no danger to the man who waved the wand. If I had such a wand, I would put it in the hands of Uncle Sam and I would enjoin him to keep the secret, and I would tell him: "When these other nations pester you, wave that wand and destroy every enemy of Uncle Sam and not lose a single American life." That is how much I love the American boy and his wife and his child. I want our Army to have the most deadly instrumentalities on earth, and when we are trying to keep pace with the balance of the world I am willing to spend a little money. I do not think it is extravagant. When by my vote I send out our boys to fight on the battle field, I want, if I can, to have the assurance in my own heart and mind that they are equipped with the most efficient and reliable instrumentalities of death that the ingenuity of man up to date has devised, and that is why I am for these appropriations. [Applause.]

Mr. HULL. Mr. Chairman, I offer an amendment, on page 63, line 21, after the word "for," to strike out the word "purchase."

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 63, line 21, after the word "for," strike out the word "purchase."

Mr. HULL. Mr. Chairman and gentlemen of the committee, during the eight years that I have been in Congress I have had a great deal to do with the Army officers. I admire them. I consider them on the whole honest. I do not, however, want to say that they are always well advised. I hope they are my friends. There is nothing personal in this matter with me. I know that it is hard to associate with these Army officers as my friend from Mississippi [Mr. Sisson] has, and listen to their stories and not believe that all is well. But I listened to their story before they went into the World War. I heard them say, "Oh, we have plenty of material. We have Springfield rifles sufficient to fight this war." We gave them untold millions to prepare this country, and the amazing thing to me is, what did they do with the money that they had before this war? Is there any gentleman in Congress who can answer

that question? They had millions of dollars and the greatest facilities in the world to manufacture the things to fight with, and when we came to fight we had to manufacture cannon out of old logs to practice with. What did they do with the money? I ask you gentlemen who want to defend the Army officers to answer that question—what did they do with the money? That is what the American people would like to know of you. I will tell you what they did. They stalled about preparedness. They camouflaged, they smoke-screened Congress and got away with it. But when you wanted material you had to borrow it, and for two years you turned the Treasury of the United States over to them and they spent \$8,000,000,000 and never got one piece of fighting material on the firing line. That is the kind of preparedness you have when you let Army officers purchase material. When some gentleman says everybody is honest, I want him to explain that to the American people.

Mr. McKENZIE. Will my colleague yield for a question?

Mr. HULL. Certainly.

Mr. McKENZIE. I am sure my colleague does not want to be unfair to the officers of the Army.

Mr. HULL. I certainly do not.

Mr. McKENZIE. I want to ask him if it is not a fact that the greater part of that \$8,000,000,000 was spent, not under the supervision of officers of the Regular Army but under the supervision of representatives of the Council of National Defense, civilians who were brought in and given authority to expend that money?

Mr. HULL. That is absolutely true; but we spent millions of dollars to educate those boys in West Point to know how to conduct a war. The gentleman speaks about the money that was spent. Let us take one item. You spent about \$2,000,000,000 for cantonments, and yet we spent all this money at West Point in educating boys to be engineers.

Why was it impossible for the engineers to go out and build those cantonments? They had the authority in the War Department somewhere to send those boys to build those cantonments instead of paying contractors 6, 8, and 10 per cent cost plus. That is one of the things I have wondered at. Why did they do it?

The CHAIRMAN. The time of the gentleman has expired.

Mr. HULL. I ask unanimous consent for two minutes more.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that his time be extended two minutes. Is there objection?

There was no objection.

Mr. HULL. I am not trying to dig up ancient history. I am simply trying to call attention to some things so that they will not be repeated. Let us prepare this country as it should be prepared and not take the word of Army officers always. I will take them just as far as anyone will. When they are right they are all right, but when they are wrong, and we know they are wrong, let us analyze what they want and let us curb them. The gentleman from Mississippi [Mr. Sisson] himself says that they admit that they are easily influenced.

Mr. LINEBERGER. Will the gentleman yield?

Mr. HULL. Yes.

Mr. LINEBERGER. The gentleman said a few minutes ago that the Regular Army officers told this country before the World War that we were prepared. Did I understand the gentleman correctly?

Mr. HULL. We had assurances in the Committee on Military Affairs that we were prepared, as far as Springfield rifles were concerned, and certain other articles, and I remember very well that we were assured that we were to have 20,000 airplanes in May of 1918. We did not have them.

Mr. LINEBERGER. It was my experience and, I think, the experience of the country generally that at that time the Regular Army officers were preaching our lack of preparedness, and such men as General Wood were making speeches and trying to arouse the people of this country to prepare for the emergency that they saw was about to arise.

Mr. HULL. They preached preparedness of man power.

Mr. LINEBERGER. I think they preached preparedness and told of our unpreparedness in material as well.

Mr. HULL. So far as I know, the General Staff of the American Army never studied a supply system that would furnish supplies.

Mr. HULL. Will the gentleman yield for a question?

Mr. HULL. Yes.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HULL. I ask for five minutes more to answer the gentleman's question.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that his time be extended five minutes. Is there objection?

Mr. STAFFORD. Reserving the right to object, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 13 minutes.

The CHAIRMAN (Mr. MACGREGOR). The gentleman from Wisconsin asks unanimous consent that all debate on the pending amendment and all amendments thereto close in 13 minutes. Is there objection?

There was no objection.

Mr. HILL. The gentleman just stated that the General Staff of the Army had not made any study of supplies previous to this war and that the Regular Army officers had allowed the public to believe that we were adequately prepared with material. The gentleman is an experienced member of the Committee on Military Affairs, and I ask him if he does not recall the report of the Chief of Staff, General Wotherspoon, made to the Secretary of War November 15, 1914, in which he said the United States Army, from the point of view of material, was so absolutely unprepared that it was like a house afire and nothing to put it out?

Mr. HULL. I presume that is true. I know we had reports on certain things—artillery, and so forth, and certain other matters. I referred to the Springfield rifle situation.

Mr. HILL. The gentleman's statement was a broad general statement which I think was a reflection on the Regular Army officers. As the gentleman from Mississippi [Mr. Sisson] said, the Regular Army officers can not defend themselves. I was glad to hear the remarks which the gentleman from Mississippi [Mr. Sisson] made on that subject from his experience. I do not think it is fair for us in the House to make general statements unless we are prepared to support them by facts.

Mr. ROACH. If the gentleman will yield, I did not understand the gentleman from Iowa to make any such general statement. I understood the gentleman said that prior to the war the Army officers were making claims that they had plenty of material, but that when the war came on they sang a different song.

Mr. HULL. I did not make the broad statement; I said prior to the war the officers said that we were prepared with Springfield rifles.

Mr. HILL. The gentleman said that we were unprepared in material, and that included everything. General Wotherspoon said that we had nothing adequate, from the point of view of world conditions and our lack of preparedness.

Mr. HULL. I know the gentleman is mistaken, because I offered on the floor of the House, year after year, amendments trying to prepare them with artillery. We wanted them to have a great deal of artillery.

Mr. HILL. The gentleman was speaking of the Springfield Arsenal—

Mr. HULL. I introduced an amendment—I understand the Army officers called attention to the lack of material, but what I can not understand is why with all the money we gave them and the great facilities they had we were not better prepared in this war.

Mr. HILL. I refer the gentleman to the report of General Wotherspoon, of November 15, 1914, which answers his question.

Mr. HULL. I am calling attention to the fact that we gave them the money in 1914 to manufacture dies, jigs, and tools, and the money was not expended. We gave them \$5,000,000 to manufacture Springfield rifles, and they did not use it.

Mr. HILL. I am sure the gentleman does not want it understood by his remarks as to graft and grafters that the Army officers of to-day are doing anything of that kind.

Mr. HULL. I am not trying to charge the present Army officers with graft, but I am trying to remove all temptation to graft by striking out of the bill the word "purchase," which, as admitted by the chairman of the subcommittee, is a superfluous word.

Mr. SEARS. Mr. Chairman, a few moments ago I asked a question that might be construed as an inference of graft. I took the position that when the Democrats were in power the grafters should be named. I wanted to find out when we would finally perfect deadly weapons to be used in the case of war, when we are bragging about peace so far as we are concerned and about the wonderful progress our Nation is making with other nations. Unfortunately, the chairman of the subcommittee, in response to the gentleman from Iowa, said—I am sure he did not intend it and only spoke in a general way—that he knew of no graft in recent years. Of course, that would mean during the present administration, but he left the inference that he knew of graft in former years. I think the chairman of the subcommittee, if he does know, ought to give to the country such information as he may have



along that line. I only desire to say, and I trust I may make myself clear, that I have the utmost confidence in such Army officers as I have met. I have found them to be perfect gentlemen, and whatever fight I may make is simply for economy, in an effort to reduce the taxes that the people are complaining of. We are unable to get a public building bill; we are unable to get a river and harbor bill, and by that I mean one for new projects; we are unable to make internal improvements, which I fought for during the war and since the war. We appropriate millions and millions of dollars to perfect deadly weapons, thereby adding to the tax on the people of the country, which they are now staggering under. That is what I was complaining of when I asked the gentleman from Iowa the question, and did not mean to indorse the word "graft" or "graffers" either in the past or in recent years.

Mr. STAFFORD. Mr. Chairman, in fairness to the officers of the Ordnance Department it should be said—and I make this for the special benefit of the gentleman from Massachusetts, who represents the Watertown Arsenal, and the gentleman from Iowa, who represents in part the Rock Island Arsenal—that the Ordnance Department with these various appropriations will be able to carry on the experiments in the various arsenals with the smallest organization. It is not, as the gentleman from Massachusetts [Mr. DALLINGER] infers, for the purchase of material that is now possessed by the Government. I am rather surprised that the gentleman should have any such thought, because he certainly must be conversant with the activities that go on at that great arsenal in his district, which is so dear to his heart. These various appropriations are merely for experimental purposes. The item under consideration, which is for the purchase of powder for experimentation to test some of our large improved 75-millimeter guns, has not any especial interest to the representative of the Rock Island Arsenal, because it applies to Picatinny Arsenal, where the Government powder plant is located, and does not apply, except remotely, to Rock Island. I know how solicitous the gentleman from Iowa [Mr. HULL] is about bringing everything to Rock Island. He is a monopolist in that particular, and that is the only particular in which he is a monopolist. He is very vociferous about it.

Mr. HULL. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. In a few minutes. He is always alert to magnify the activities of the arsenal which is so close to his district, across the river. One never sees him rise trying to pare down the appropriations for that arsenal, but I say in all candor that of all the officers who appeared before the subcommittee on the War Department appropriation bill there was no set of officers who knew their estimates better than the head of the Ordnance Bureau and his subordinates. They impressed the committee with their frankness; they impressed the committee with their thoroughness. They stated that these appropriations were the minimum that could be had to keep the work at a skeleton basis, and perhaps that is the reason why the gentleman from Massachusetts [Mr. DALLINGER], who represents the Watertown Arsenal, and the gentleman from Iowa [Mr. HULL], who represents so largely the Rock Island Arsenal, are protesting here. However, the policy of the administration and the policy of the War Department is to keep employed only a skeleton force, so that in case of trouble we will be prepared; we will have the dies and all of the other equipment to go ahead and multiply on a large scale the latest designs. I yield to the gentleman.

Mr. HULL. The gentleman knows that the Rock Island Arsenal is in Illinois, and I hope that he is not trying to convince the House that I am from Illinois.

Mr. STAFFORD. Oh, no. And I have never made a special study of the number of Rock Island Arsenal employees who live across the river in Davenport, Iowa, which is in the gentleman's district. I can not explain the gentleman's solicitude for the workers at the Rock Island Arsenal except upon the hypothesis that a very great number of them live in his district. It would be absolutely inexplicable to me otherwise. I can not otherwise conceive of the gentleman being so energetic, even going to the extent of casting reflection upon the administration of his own party in his effort to espouse the cause of the workers and to increase their work, when there is no necessity for it in peace times.

Mr. Chairman, I call for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

Proving grounds, Army.

Mr. BLANTON. Mr. Chairman, I move to strike out line 9. The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 64, strike out all of line 9.

Mr. BLANTON. Mr. Chairman, that is for a proving ground for the Army. It has been well said that our Army officers and our naval officers as a whole are absolutely honest and truthful. There is no question about that, but just as there is with all rules applicable to any other class of individuals, there is an exception once in a while. It is amusing to remember how the gentleman from Illinois [Mr. GRAHAM] would get up here under the applause of every Republican Member of this House some time back and speak of the stupendous frauds upon the country that were possible only because of the dishonesty of some officers. I say that it is amusing to think of that, and to now have it asserted by orthodox Republicans that it was all buncombe, and to have the gentleman from Illinois sit silent when he is attacked upon it. It is especially amusing when we remember the present conditions. The most important investigation in the Department of Justice right now is on the alleged great meat fraud. Every bit of this late scandal has occurred since the gentleman had his investigation, and since his party has been in complete power in the White House, in the House of Representatives, and in the Senate. Every feature of that meat transaction has occurred since that time, and if the allegations are true it shows dishonesty upon the part, not of the great force of Army and Navy officers—no; because, as I say, as a rule they are honest to the core—but upon some officer or officers; that they have a black sheep in their flock occasionally. So we can not dismiss this proposition, either Republicans or Democrats, by getting up here and speaking of the general rule and forgetting that there is an exception. These investigations must continue to go on whether Democrats or Republicans are in power. It is only by just such careful investigation and watchfulness that we can safeguard the sacred money of the taxpaying people of America.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. BLANTON. Mr. Chairman, that was offered as a pro forma amendment.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

#### SEACOAST DEFENSES, UNITED STATES.

##### ARMAMENT OF FORTIFICATIONS.

For purchase, manufacture, and test of seacoast cannon for coast defense, including their carriages, sights, implements, equipments, and the machinery necessary for their manufacture, \$403,500.

Mr. DALLINGER. Mr. Chairman, I move to strike out the last word for the purpose of asking the committee with reference to where it is contemplated that this money will be spent.

Mr. STAFFORD. I may say that principally this appropriation will be expended in the gentleman's district, at the Watertown Arsenal, particularly that part which applies to the 16-inch and the 14-inch mounts.

Mr. DALLINGER. How many of these mounts are going to be manufactured?

Mr. STAFFORD. There are four 14-inch railway mounts that are in course of construction. That is something new in ordnance development. During the war, as the gentleman knows, we had some experimental railway mounts. These are now being developed so as to provide for four 14-inch portable railway mounts. The full scheme has not been developed, and I am not supposed to divulge matters of some secrecy as to where they are to be used, and I hope the gentleman will not press me in that particular.

Mr. DALLINGER. May I ask the gentleman from Wisconsin if he will tell the committee how much the Budget estimate was for this item?

Mr. STAFFORD. The Budget estimate was the identical amount that has been recommended by the committee.

Mr. Chairman, I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in three minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that all debate upon the paragraph and all amendments thereto close in three minutes. Is there objection? There was no objection.

Mr. HULL. Mr. Chairman, I offer an amendment. Page 65, line 13, after the word "for," strike out the word "purchase."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 65, line 13, after the word "for," strike out the word "purchase."

Mr. HULL. Mr. Chairman and gentlemen of the committee, I hope no one thinks I impugn the motives of the great mass of Army officers. I do not. I think, however, that the Ordnance Department of the United States is mistaken, was mistaken before this war, and so far as I know they are still mistaken in advocating one policy, and it is with that policy that I am at war, and that is the policy of openly advocating and openly encouraging the building up of industries which must make a profit out of war munitions. We talk about taking the profit out of the manufacture of war munitions in war times. How much better and how much easier it is to lay the foundation now and take it out in peace times. There are in this country to-day some industries which must receive orders to exist for material to make war, which is the murder of people in mass, and I think it is one of the most contemptible things that Congress ever does to make an appropriation to give to somebody an opportunity to profiteer upon the manufacture of material to murder people in peace time when it is not necessary. That is what you are doing by this bill. Every Army bill and every Navy bill that you present to this House carries with it millions of dollars of the people's money that you are giving to some industry to manufacture something with which to murder people. You say we must do that to prepare this country. I say to you that it is not necessary and when you carry out that principle you have less preparedness than if you manufacture those things in your public arsenals where the people know that they are being manufactured and not sold to some other country with which to murder their neighbors. That is the thing I am trying to strike out of your bill.

The CHAIRMAN. The time of the gentleman has expired; all time has expired. The question is on agreeing to the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was rejected.

#### MESSAGE FROM THE SENATE.

The committee informally rose, and the Speaker having taken the chair, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bills of the following titles:

H. R. 12777. A bill granting the consent of Congress to the cities of Grand Forks, N. Dak., and East Grand Forks, Minn., or either of them, to construct, maintain, and operate a dam across the Red River of the North;

H. R. 13139. A bill granting the consent of Congress to the Great Southern Lumber Co., a corporation of the State of Pennsylvania, doing business in the State of Mississippi, to construct a railroad bridge across Pearl River at approximately 1½ miles north of Georgetown, in the State of Mississippi;

H. R. 13195. A bill granting the consent of Congress to the State Highway Commission of Missouri, its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the St. Francis River, in the State of Missouri;

H. R. 13474. A bill granting the consent of Congress to the county of Winnebago, the town of Rockford, and the city of Rockford, in said county, in the State of Illinois, to construct, maintain, and operate a bridge and approaches thereto across the Rock River;

H. R. 13493. A bill to authorize the State road department of the State of Florida to construct, maintain, and operate a bridge across the Escambia River, near Ferry Pass, Fla.; and

H. J. Res. 16. A joint resolution providing for pay to clerks to Members of Congress and Delegates.

The message also announced that the Senate had passed with amendments the bill (H. R. 11626) to extend the time for constructing a bridge across the Mississippi River at or near the city of Baton Rouge, La., in which the concurrence of the House of Representatives was requested.

#### WAR DEPARTMENT APPROPRIATION BILL.

The committee resumed its session.

Mr. EDMONDS. Mr. Chairman, I ask unanimous consent to return to page 49 for the purpose of offering an amendment.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to return to page 49 for the purpose of offering an amendment.

Mr. Sisson. One moment. I would like to know what the amendment is. Report it first.

The CHAIRMAN. Without objection, the Clerk will report the amendment offered by the gentleman for information. Is there objection?

Mr. Sisson. I object until I know what it is.

The CHAIRMAN. Is there objection to its being reported for information?

Mr. Sisson. No; not for information.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: Page 49, line 19, after the word "appropriation," strike out the period and insert a semicolon and add the following: "Provided further, That none of the funds appropriated under the title shall be used for the purpose of giving exhibitions to the public upon Government flying fields, and no public exhibition shall be given unless a bond of indemnity from damages to person or property shall be furnished the Government by the parties desiring the exhibition."

Mr. Sisson. I have no objection to that amendment.

The CHAIRMAN. Is there objection to returning to page 49 for the purpose indicated by the gentleman from Pennsylvania? [After a pause.] The Chair hears none. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. EDMONDS: Page 49, line 19, after the word "appropriations," strike out the period and insert a semicolon and add the following: "Provided further, That none of the funds appropriated under the title shall be used for the purpose of giving exhibitions to the public upon Government flying fields, and no public exhibition shall be given unless a bond of indemnity from damages to person or property shall be furnished the Government by the parties desiring the exhibition."

Mr. EDMONDS. Mr. Chairman, I offer this amendment with the idea that if public exhibitions are desired by different exhibitors of flying machines of the Government that the Government should not be responsible for any accident that may occur. On yesterday, or last night, I went over a claims bill which will carry over \$200,000 of damages against the Government, and which undoubtedly the Government will have to pay. Twenty-two people injured, several automobiles burned up, and five people killed. We had another accident in Florida a short time ago where three people were killed, and another out in Texas. It is manifestly unfair to let exhibitors use these machines for advertising purposes or for the purpose of making money by charging admission without protecting the Government at least by giving a bond of indemnity against any loss.

Mr. BANKHEAD. Will the gentleman yield?

Mr. EDMONDS. I will.

Mr. BANKHEAD. I am in thorough sympathy with the gentleman's amendment, but does not the gentleman think we ought to provide the bond should be given in such sum as the Secretary would require?

Mr. EDMONDS. I would have no objection. The intention was, of course, to require a sufficient bond.

Mr. BANKHEAD. I assume that would be inferred, but I thought that would make it clear. However, I do not offer—

Mr. Sisson. Mr. Chairman, I think the suggestion of the gentleman from Alabama is a good one, because that designates specifically the person responsible for the fixing of the bond and the regulations governing the bond.

Mr. EDMONDS. Could that be added to my amendment?

The CHAIRMAN. The amendment can be modified or an amendment can be offered.

Mr. BANKHEAD. I offer the amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD to the amendment offered by Mr. EDMONDS: After the word "indemnity" insert the words "in such sum as the Secretary of War may require."

Mr. STAFFORD. May we have the entire proposed amendment reported as it would be modified by the amendment of the gentleman from Alabama?

The CHAIRMAN. The Clerk will report the amendment as modified by the amendment of the gentleman from Alabama.

The Clerk read as follows:

Page 49, line 19, after the word "appropriation," strike out the period and insert a semicolon and add: "Provided further, That none of the funds appropriated under the title shall be used for the purpose of giving exhibitions to the public upon Government flying fields, and no public exhibition shall be given unless a bond of indemnity in such sum as the Secretary of War may require from damages to person or property shall be furnished to the Government by the parties desiring the exhibition."

Mr. STAFFORD. Mr. Chairman, I question whether we should go to the extent that would be possible under the gentleman's amendment. The gentleman's amendment would forbid flying under Army auspices, such as was undertaken a few months past at Selfridge Field near Detroit. No money whatsoever, under this proposed amendment, could be used for such purposes. I do not think it is the intention of the gentleman to forbid such exhibitions as that.

Mr. EDMONDS. Let me relate the incident that happened in West Virginia.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BUTLER. What sort of an exhibition has the gentleman in mind? How about the ordinary training of these men upon the flying fields? I am heartily in favor of the gentle-



man's amendment, providing there is nothing in it which in any way precludes the training of men as flyers upon these fields.

Mr. EDMONDS. There is nothing in it that would preclude that.

Mr. BUTLER. There is nothing in it that would preclude that?

Mr. EDMONDS. No. I would like to call the attention of the gentleman from Wisconsin [Mr. STAFFORD] to the fact that this is a public exhibition that I am complaining about; not the ordinary work in the field, but giving a public exhibition on a governmental field. In this case in West Virginia it was advertised that they were going to bring in a new kind of plane, and the people were assembled on the property next door, and the machine went up and fell down and struck a bunch of automobiles, and the automobiles were burned up.

Mr. STAFFORD. The gentleman's amendment would forbid such exhibitions as were given at Selfridge Field.

Mr. EDMONDS. They have no business to give public exhibitions on Government flying fields.

Mr. STAFFORD. That was interesting to thousands of persons.

Mr. EDMONDS. Yes; and those thousands of persons were in trouble.

Mr. ANTHONY. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. ANTHONY. Would the gentleman from Pennsylvania accept an amendment which would permit exhibitions on Army fields?

Mr. BUTLER. If the gentleman will put in the word "official," that would make it all right. Otherwise they might be precluded from giving exhibitions to their own officials.

Mr. ANTHONY. Mr. Chairman, I move to amend the amendment by inserting the words "except such exhibitions as those under the control and direction of the War Department."

The CHAIRMAN. Will the gentleman from Kansas indicate to the Clerk where his amendment would come in?

Mr. STAFFORD. Mr. Chairman, while they are perfecting the amendment, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, a moment ago the gentleman from Iowa [Mr. HULL] stated that we were spending millions of dollars in the purchase of munitions from private establishments for murdering people. I fear the gentleman from Iowa is not speaking by the card. I know, after listening to the hearings on the estimates for these various appropriations, of no case where we are purchasing munitions from private plants to the extent even of hundreds of thousands except in the case of aircraft; and I differ with the gentleman from Iowa that we should manufacture everything in Government establishments. It is fair to say to the committee that the policy adopted by the aircraft service is to develop private aircraft establishments. In European countries commercial aircraft has gone away beyond what has been attempted in this country, and the only way we can develop that wonderful activity in this country is to give some encouragement to these large private manufacturing establishments for the development of the latest and best in aircraft machines.

It is not difficult to understand the view of the gentleman from Iowa. He lives close by the Rock Island Arsenal, and has large numbers of people living in his district who are employed at that arsenal. He is solicitous to have everything manufactured in the Rock Island Arsenal. But I think he will agree with me that it is not a good economic policy or good governmental policy, especially as this new art of flying is in its infancy, relatively, to have every available development effected in aircraft done in his establishment.

Mr. FIELDS. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. FIELDS. I want to ask the gentleman this, that if this country should become involved in war, does he not think we would have to depend largely upon private industries?

Mr. STAFFORD. Yes. One of the main purposes in keeping this word "purchase" in the various items is that when Congress is not in session in the event of any warlike trouble they shall have the authority to go ahead, and when Congress meets for the Committee on Appropriations to recommend appropriations of money in large amounts to carry out the authority given to the War Department in these various paragraphs. It is to keep alive these authorizations that these items are inserted.

Mr. FIELDS. Should we not give them sufficient encouragement to keep intact their organizations?

Mr. STAFFORD. The work now is done mainly in Government establishments. Only in aircraft are we pursuing a different policy.

The CHAIRMAN. The Chair would call the attention of the gentleman from Pennsylvania [Mr. EDMONDS] to the fact that the amendment is not capable of being amended in the third degree and would not be in order at this time.

Mr. EDMONDS. Mr. Chairman, I offer this as a substitute.

The CHAIRMAN. The gentleman from Pennsylvania offers a substitute, which the Clerk will report.

The Clerk read as follows:

Substitute amendment offered by Mr. EDMONDS: Page 49, line 19, after the word "appropriation," strike out the period and insert a colon and "Provided further, That none of the funds appropriated under the title shall be used for the purpose of giving exhibitions to the public other than those under the control and direction of the War Department upon Government flying fields, and no public exhibitions shall be given unless a bond of indemnity in such sum as the Secretary of War may require shall be furnished to the Government by the parties desiring the exhibition."

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Alabama [Mr. BANKHEAD] to the original amendment.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, it seems to me that the latter part of the amendment of the gentleman from Pennsylvania [Mr. EDMONDS], as read, would negative the earlier part of it. It says that no public exhibition shall be given except under the direction of the War Department, and then it goes on to say that no exhibition shall be given unless a bond is given.

Mr. EDMONDS. There are two kinds of exhibition. One is on a governmental flying field and the second one is a public exhibition, like those given around in villages and towns.

Mr. McLAUGHLIN of Michigan. Does it say that?

Mr. EDMONDS. It does. The modification is as to the exhibitions given on governmental flying fields. The other is an exhibition given to the public.

Mr. McLAUGHLIN of Michigan. I only heard the amendment read. I have not looked at it. It did not strike me as meeting the point that gentlemen discussing it had in mind.

Mr. EDMONDS. Yes; it does.

Mr. BANKHEAD. Mr. Chairman, as I understand the parliamentary situation, the gentleman from Pennsylvania [Mr. EDMONDS] obtained permission to offer the whole as a substitute.

The CHAIRMAN. As a substitute for the other; but unless the gentleman from Alabama withdraws his amendment, it will have to be put.

Mr. BANKHEAD. I want my amendment incorporated into the other.

The CHAIRMAN. The Chair understands that it is incorporated into the substitute.

Mr. BANKHEAD. Then I withdraw my amendment.

The CHAIRMAN. Without objection, the amendment to the original amendment will be withdrawn and the question is on the substitute amendment offered by the gentleman from Pennsylvania.

Mr. Sisson. Mr. Chairman, a parliamentary inquiry. Is the amendment of the gentleman from Alabama incorporated in the substitute?

The CHAIRMAN. The Chair understands that it is incorporated in the substitute offered by the gentleman from Pennsylvania [Mr. EDMONDS].

Mr. SEARS. I ask that it be read again.

The CHAIRMAN. Without objection, the amendment will be again reported.

The substitute of Mr. EDMONDS was again read.

Mr. BULWINKLE. Mr. Chairman, I offer an amendment to the amendment to insert after the word "exhibition" in both places where it occurs the word "flights," so that it will read "exhibition flights."

The CHAIRMAN. The gentleman from North Carolina offers an amendment to the substitute which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE to the substitute: After the word "exhibition" strike out the letter "s" and insert the word "flights."

Mr. MacGREGOR. Mr. Chairman, my understanding is that under this proposed amendment a private manufacturing concern like the Curtiss Airplane Co. could not conduct an exhibition without giving a bond to the Government to protect those who might be injured by reason of any accident that happened during the exhibition.

SEVERAL MEMBERS. Oh, no.

Mr. ANTHONY. It covers only exhibitions conducted under the auspices of the War Department.

Mr. MACGREGOR. I understood the gentleman from Pennsylvania [Mr. EDMONDS] to say it is divided into two parts, and that it is intended to cover every exhibition.

Mr. EDMONDS. No; it does not do that. Frankly if the Curtiss people want to make these flights I wish they would put up a bond, but this does not provide for that.

The CHAIRMAN. The question is on the amendment to the substitute offered by the gentleman from North Carolina [Mr. BULWINKLE].

The amendment to the substitute was agreed to.

The CHAIRMAN. The question is on the substitute as amended.

The substitute as amended was agreed to.

The CHAIRMAN. The question now is on the amendment as amended.

The amendment as amended was agreed to.

The Clerk read as follows:

For the purchase, manufacture, and test of chemical warfare gases or other toxic substances, gas masks, or other offensive or defensive materials or appliances required for gas-warfare purposes, including all necessary investigations, research, design, experimentation, and operations connected therewith; purchase of chemicals, special scientific and technical apparatus and instruments; construction, maintenance, and repair of plants, buildings, and equipment, and the machinery therefor; receiving, storing, and issuing of supplies, comprising police and office duties, rents, tolls, fuel, gasoline, lubricants, paints and oils, rope and cordage, light, water, advertising, stationery, typewriters and adding machines, including their exchange, office furniture, tools, and instruments; for incidental expenses; for civilian employees; for libraries of the Chemical Warfare Service and subscriptions to periodicals which may be paid for in advance; for expenses incidental to the organization, training, and equipment of special gas troops not otherwise provided for, including the training of the Army in chemical warfare, both offensive and defensive, together with the necessary schools, tactical demonstrations, and maneuvers; for current expenses of chemical projectile filling plants and proving grounds, including construction and maintenance of rail transportation, repairs, alterations, accessories, building and repairing butts and targets, clearing and grading ranges, \$650,000.

Mr. WILLIAMSON. Mr. Chairman, I move to strike out the last word.

I desire to take this opportunity to call the attention of the House to a bill which I introduced some time ago, known as H. R. 13574, authorizing the Secretary of the Interior to erect a monument at Fort Pierre, S. Dak., to commemorate the explorations and discoveries of the Verendrye brothers.

History records that in the year 1742 Francois de la Verendrye and Joseph Louis de la Verendrye, sons of Pierre Gaultier de Verennes Sieur de Verendrye, of Three Rivers, Canada, set out from the Mandan villages of the upper Missouri on an extensive tour of exploration into that vast and unknown region lying between the Missouri River and the Pacific. The specific object of their quest was the "sea of the West." While the "sea of the West" does not seem to have been discovered by them, they did make some exceedingly important discoveries and explorations, which added enormous stretches to the territory of New France and gave to the French nation most of that territory embraced in what later came to be known as the Louisiana Purchase.

After enduring innumerable hardships and privations they returned from their expedition in the early spring of 1743 and on the 30th day of March solemnly took possession of the huge territory covered by their explorations in the name of the King of France. In commemoration of their act and as an evidence of physical possession they deposited in the earth on a high bluff on the west bank of the Missouri River a leaden tablet, suitably inscribed, and erected over it a stone monument. This bluff is now a part of the city of Fort Pierre, S. Dak. The point on the crest of the bluff where the tablet was buried commands a most magnificent and awe-inspiring view of the valleys of both the Missouri and Bad Rivers. It also overlooks the beautiful State capitol building just across the river. It would be difficult to find a more sightly place for a public memorial, and certainly none could be more appropriate at which to commemorate the discoveries of these cavaliers of France.

While it was known to the deliver into the history of the great Northwest that such a tablet had been placed, no one had been able to find it, as the stone monument erected over it must have disappeared within a few years after its erection. On the 17th day of February, 1913, some school children, while playing upon the bluff, accidentally stumbled upon it. Nearly two centuries of erosion and wash had finally bared it to the elements. Fortunately it fell almost immediately into the hands of the secretary of the State department of history and now rests in the archives of the Commonwealth at the State capitol.

This bill proposes the erection of a permanent memorial, at a cost not to exceed \$25,000. The erection is to be done under the supervision and direction of the Secretary of the Interior

after the model and design of the proposed monument shall have been passed upon by the Fine Arts Commission.

As a part of my remarks I ask to have printed in 8-point type Senate concurrent resolution of the Legislature of the State of South Dakota asking the Congress of the United States to provide the necessary appropriation.

The CHAIRMAN. The gentleman from South Dakota asks unanimous consent to extend his remarks as indicated, in 8-point type. Is there objection?

There was no objection.

The concurrent resolution is as follows:

Senate concurrent resolution memorializing Congress to give careful and favorable consideration of House bill No. 13574.

"Whereas on the 30th day of March, 1743, the Verendrye brothers, commissioned by the King of France, did at the present site of the city of Fort Pierre, S. Dak., make formal claim to the region now embraced in the Northwestern States of our Union, and in witness of such claim did bury in the earth a plate of lead upon which was inscribed the evidence of such claim; and

"Whereas while history records such event, the exact place of the burying of such evidence of claim remained a mystery until Sunday, the 17th day of February, 1913, a period of 170 years, when some school children while engaged in play accidentally discovered and secured same, which evidence is now the property of South Dakota; and

"Whereas while this matter is, of course, of interest to the State of South Dakota, but in a broader sense of national historical moment, not, of course, in a class with Plymouth Rock, but of far more moment from a national historical event than many others which have been recognized; and

"Whereas a bill is now pending in Congress, known as H. R. 13574, providing for the properly marking of the site as an event in national history worthy of consideration: Therefore be it

"Resolved by the senate of the State of South Dakota (the house of representatives concurring), That it is the desire of this body that a careful and conscientious consideration of the merits of H. R. 13574 be given by the Members of Congress, individually and collectively, and if your honorable bodies find that the event from a national historical standpoint warrants your favorable consideration, the citizens of this great State will ever cherish the memory of your acts, but if upon such careful consideration you deem the matter unworthy of your favorable consideration, we will abide by your decision uncomplainingly: Be it further

"Resolved, That engrossed copies of this preamble and resolution be prepared by the secretary of the senate, signed by the presiding officers of the senate and house of representatives and forwarded to Congressman WILLIAMSON, the Secretary of the Senate, the Chief Clerk of the House of Representatives of the United States, and to his honor the President of the United States, Warren G. Harding.

"CARL GUNDERSON,  
"President of the Senate.

"A. B. BLAKE,  
"Secretary of the Senate.

"E. O. FRESCOLN,  
"Speaker of the House.

"WRIGHT TARBELL,  
"Chief Clerk of the House."

The Clerk read as follows:

NATIONAL BOARD FOR PROMOTION OF RIFLE PRACTICE—QUARTERMASTER SUPPLIES AND SERVICE FOR RIFLE RANGES FOR CIVILIAN INSTRUCTION.

To establish and maintain indoor and outdoor rifle ranges for the use of all able-bodied males capable of bearing arms, under reasonable regulations to be prescribed by the National Board for the Promotion of Rifle Practice and approved by the Secretary of War, for the employment of labor in connection with the establishment of outdoor and indoor rifle ranges, including labor in operating targets; for the employment of instructors; for clerical services; for badges and other insignia; for expenses incidental to instruction of citizens of the United States in marksmanship, and their participation in international matches, \$20,000.

Mr. HUDSPETH. Mr. Chairman, I should like to ask my friend from Kansas [Mr. ANTHONY] if this contemplates the purchase of any additional land for rifle practice?

Mr. ANTHONY. I understand it does not.

Mr. HUDSPETH. What is the purpose of the expenditure of this \$20,000?

Mr. ANTHONY. It is practically all for clerical services and employees.

Mr. HUDSPETH. You have a number of rifle ranges throughout the West?

Mr. ANTHONY. Yes.

Mr. HUDSPETH. Is it the purpose to keep up those rifle ranges and continue target practice upon them?



Mr. ANTHONY. It is. The appropriations are made for conducting National Guard target practice and target practice of other branches under the different items of the bill.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn, and the Clerk will read.

The Clerk read as follows:

FIELD ARTILLERY SCHOOLS.

For the purchase of textbooks, books of reference, scientific and professional papers, instruments, and matériel for instruction; employment of technical, special, clerical, and temporary clerical services; and for other necessary expenses of instruction, at the Field Artillery Schools at Fort Sill, Okla., \$18,000.

Mr. CRAMTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to extend his remarks in the RECORD.

Mr. STAFFORD. Reserving the right to object, I would like to ask the gentleman if it is his own remarks?

Mr. CRAMTON. My own remarks, with some few clippings. It is a speech that I had prepared to give a few days ago but was diverted, and I still have it in my system.

Mr. STAFFORD. I have no objection to the gentleman extending his own remarks, but I would like to protect the RECORD from a mass of press clippings.

Mr. CRAMTON. I will submit it to the gentleman from Wisconsin.

Mr. STAFFORD. Oh, no; I do not want to act as censor.

Mr. CRAMTON. They are my own remarks, as I say, with a few clippings.

Mr. STAFFORD. I have no objection to the gentleman's own remarks, but otherwise I object.

Mr. CRAMTON. Mr. Chairman, I withdraw the request.

The Clerk read as follows:

For expenses, sergeant-instructors, \$500,000.

Mr. HILL. Mr. Chairman, I ask unanimous consent to go back to line 5, page 76, to offer an amendment.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to return to page 76, line 5. Is there objection?

Mr. BLANTON. I reserve the right to object until the amendment is reported.

The CHAIRMAN. The Clerk will report the amendment for information.

The Clerk read as follows:

Page 76, line 5, strike out \$1,250,000 and insert \$1,465,000.

Mr. BLANTON. I object.

Mr. HILL. I am glad the gentleman from Texas has reserved the objection.

Mr. BLANTON. I will reserve the objection if the gentleman wants to speak. I did object.

Mr. HILL. I was talking with the chairman of the subcommittee at the time the item was read.

Mr. ANTHONY. Will the gentleman yield? Mr. Chairman, I feel rather gully, because I was engaging the gentleman in conversation while the Clerk was reading the item in which the gentleman from Maryland is much interested.

Mr. HILL. Mr. Chairman, at the moment this particular item was read I was talking with the chairman about what would be a reasonable amount for me to offer from the point of view I expect to present to the House for this item. This year the bill provides for the procurement of forage, bedding, and so forth, for animals for the National Guard, \$1,250,000. Last year the House provided \$1,400,000. The War Department now asks for \$1,465,000. The situation in reference to the National Guard horses is this: There are at present on hand 7,703 horses. The National Guard has arranged to receive from the Regular Army 2,445, which will make a total of 10,148. They have on hand 7,703 horses to-day which are allocated in units of 32, 4,145 to the National Guard Infantry, 3,403 to the National Guard Field Artillery, 55 for the Signal Corps, and 40 mules.

The Milita Bureau states that they have 26 troops of Cavalry and 90 of Field Artillery that have no horses, and it needs 32 to a troop.

Out of the appropriation which they had last year there were \$375,000 not expended, because of insufficient appropriations for caretakers. I would like, at the rate of \$160 per horse, to put in such an amount as will take care of the horses for the existing units. We gave them 8,022 horses last year.

Mr. BLANTON. For Cavalry?

Mr. HILL. Cavalry and Field Artillery.

Mr. BLANTON. How many Cavalry horses did we use in France during the recent war; any?

Mr. HILL. We used the Cavalry on the Texas border.

Mr. BLANTON. How many did we use in France?

Mr. HILL. The British used thousands of Cavalry horses in the Battle of the Marne with great effect.

Mr. BLANTON. How many did we use?

Mr. HILL. We used horses on some fronts, but there were no actual American Cavalry engagements.

Mr. BLANTON. If we did not use them in the late war, why do we need them in peace times?

Mr. HILL. We did use them in the late war, and we could have used Cavalry in October, 1918, in France, north of Verdun. We need them in peace times, we need Cavalry to patrol the Texas border. There has been formed in the National Guard field artillery and cavalry units, and they need 32 horses per unit. We have no National Guard Cavalry in my district, I want to say to the gentleman.

Mr. BLANTON. We have plenty of Cavalry on the Texas border.

Mr. HILL. In the Regular Army.

Mr. BLANTON. Yes.

Mr. HILL. These are National Guard troops, and you needed National Guard Cavalry on the border in 1916. All we ask for is to give as much money as they had last year in order that there may be no—

Mr. BLANTON. Mr. Chairman, there seems to be a secret conspiracy between the gentleman from Maryland and others on the committee, and I object.

Mr. PARKER of New Jersey. Mr. Chairman, I ask unanimous consent to speak on the same subject.

The CHAIRMAN. The gentleman from New Jersey asks unanimous consent to proceed for five minutes. Is there objection?

There was no objection.

Mr. PARKER of New Jersey. Mr. Chairman, it has been a common thing for some years to say that cavalry is out of date. At the time of the great attack made by General Mangin on the flank of the German Army there was not an American present who was not longing for a cavalry division to charge in at any risk and complete the victory. The Germans would never have gotten out if we had had cavalry there.

The end of the war developed a strange fact, probably not very much known. In Palestine, under General Allenby, the English Army started the capture of Beersheba. It was far away from any water, and they had to do it in one day. They fought all day in front of Beersheba, and all of their infantry attacks were repulsed. Finally they sent a division of cavalry forward, which charged the entrenchments and the ditches and the walls, and captured that town at the end of the day. I am talking now of what was told me by an eyewitness, an American observer, who was there from our Army. From that time afterwards, attacks on trenches where there was not too much barbed wire were always conducted by cavalry and not by infantry. A very strange thing took place at one fortified hill where the attack was made by cavalry with orders not to dismount. One of the units in that attack thought that it was safer for the men to dismount and fight on foot. Those men were almost wiped out, while the others came with little loss into their place at the top of the hill. The reason is that where a machine gun is playing over a field and there is, say, half a mile to go, the cavalry can do it in a single minute at a gallop, while the infantry take from 10 to 20 minutes going forward in a slow skirmish line. The cavalry, therefore, get through without loss, while the infantry are destroyed.

I speak for this supply of forage. We are losing all of our horses because of the automobile. The only way that we can maintain a fitting army for the future, in the face of all the modern machine guns, is to grant abundant supplies to our cavalry.

Mr. FROTHINGHAM. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. FROTHINGHAM. Is it not well known that the American Army suffered from the great lack of horses upon the western front during the war?

Mr. PARKER of New Jersey. I think that is true, but I was not there, unfortunately. The gentleman was and can speak. There are men who can tell you. Horses were used to carry ammunition to the front. It could not be carried by wagons. After they got to the muddy roads that were always on the front, horses took the ammunition on each side and carried it up to the front.

Mr. BLANTON. But we are not engaged in European conflict now. We are at peace, and we are hoping for peace for 25 years.

Mr. PARKER of New Jersey. What is the gentleman's question?

Mr. BLANTON. Why should we be so fearful about not having enough horses in peace times?

Mr. PARKER of New Jersey. Because it takes at least three years to train a cavalryman.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. CHINDBLOM. What is the purpose of all this appropriation, of all this legislation, if not to prepare us for war which may come?

Mr. PARKER of New Jersey. Yes; it is preparedness. I urged that upon this House before this last war. I got no response then, and I have been keeping silent now, because I see that men all over the House are beginning to realize that if we wish peace we must prepare for war and be ready to defend ourselves.

Mr. ANTHONY. Mr. Chairman, on this item of forage for the National Guard I want to remind the House how easy it is for the House in its enthusiasm to respond to local sentiment or request and appropriate more money than is necessary for the purpose. Last year when we were on this bill the committee brought in, I think, \$800,000 for forage for the National Guard. The House in its enthusiasm increased the amount over the protests of our committee to \$1,400,000. The evidence taken by the committee this year shows that the War Department will not expend all of that amount by \$375,000. The Militia Bureau reports that of the \$1,400,000, to which amount you gentlemen increased the item, \$375,000 will revert to the Treasury on July 1.

Mr. NEWTON of Minnesota. What was the item recommended by the committee to the House?

Mr. ANTHONY. Eight hundred thousand dollars.

Mr. NEWTON of Minnesota. So that they did spend considerably more than the amount the committee recommended?

Mr. ANTHONY. Yes; a little over \$100,000.

Mr. NEWTON of Minnesota. So both the committee and the House were wrong?

Mr. ANTHONY. The committee wanted to cut down expenses.

Mr. NEWTON of Minnesota. Does not that indicate that the confidence which the House placed in them was well founded, because they did not spend it all, they economized?

Mr. STAFFORD. They spent \$200,000 more than we thought they should spend.

Mr. ANTHONY. They economized because the House placed a limitation upon the bill that they should not recognize any more mounted units?

The Clerk read as follows:

For office rent, etc., instructors, \$5,000.

Mr. HILL. Mr. Chairman, I move to strike out the last word. In connection with the amendment which I offered in reference to National Guard horses, I want to insert in the Record a brief extract from a letter written by Maj. Gen. George C. Rickards, Chief of the Militia Bureau in the War Department, to the gentleman from Kansas [Mr. ANTHONY], chairman of the subcommittee, and I ask unanimous consent to incorporate it in my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

The extract referred to is as follows:

3. In order that I may not be misunderstood, I shall discuss each item in detail.

a. Forage, etc., for animals: The estimate is decreased by \$215,000, or \$150,000 less than the amount provided for 1923. The Guard has now 7,703 animals, and the War Department has agreed to furnish 2,445 horses as free issue after June 30, 1923. The \$1,465,000 allowed by the Budget will barely forage the above animals under the most rigid measures of economy. The development, training, and growth of the guard is now seriously hampered as to field artillery and cavalry because of lack of animals, there being, at the present time, 90 field batteries and 26 cavalry troops without any horses, while many of the other units have much less than authorized allowance. The National Guard can not accept the 2,445 horses from the Regular Army unless we have sufficient funds with which to provide forage and caretakers for them. The States have gone to considerable expense and much trouble to organize field artillery and cavalry in order to play their part in the scheme of national defense. Many of the mounted units to which horses have not been furnished are now verging on a state of disintegration. That many of them will disintegrate, if not furnished their proper equipment, is beyond doubt. In this connection you are informed that the program necessary to bring the National Guard up to a total strength of 215,000 will require a sum total of 511 horsed units, and the 10,148 animals which the National Guard would have, after the War Department has turned over to us 2,445 more, would provide less than 20 animals per unit. Wastage between now and the end of the fiscal year 1924 will very materially reduce this number. So that, at the end of the period for which appropriations are being made, we can safely estimate that each horsed unit will have only about 50 per cent of its allowance of animals.

Mr. HILL. The National Guard should have the horses they require for their essential mounted units.

The Clerk read as follows:

Miscellaneous: Travel allowance due enlisted men on discharge; interest on deposits due enlisted men; warrant officers and two staff sergeants, for duty in the Cadet Corps headquarters; two master sergeants; staff sergeants; additional pay for length of service; in all, \$15,418.

Mr. CONNALLY of Texas. Mr. Chairman, are the appropriations for enlisted men in the Military Academy in addition to the appropriation for the enlisted strength in the other portions of the bill?

Mr. ANTHONY. They are included in the strength of the Regular Army.

Mr. CONNALLY of Texas. So the appropriation for pay of the Army in the other sections of the bill does not cover them?

Mr. ANTHONY. They are put under the West Point appropriations, although their strength is included in the strength of the Regular Army.

Mr. CONNALLY of Texas. That appropriation in the other section eliminated them, so far as the estimates are concerned?

Mr. ANTHONY. I understand that is the case.

Mr. CONNALLY of Texas. Now, while the gentleman is on his feet I would like to ask a question. On page 78, line 22, "Constructing quartermaster, in addition to his regular pay, \$1,000." Why is that provision made in the case of the constructing quartermaster and not in reference to other quartermasters?

Mr. ANTHONY. Because of the important work going on for the last 8 or 10 years this appropriation has been made to give the quartermaster in charge of construction \$1,000 a year extra. He has easily saved the Government, in my opinion, fifty times the amount of his extra salary in the work which he has done in personally supervising the construction of that work. We have given him that much liberty in doing the work. On every job to my knowledge in the last few years he has completed it at a less cost than any of the bids submitted at the time for the construction.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

For the supply, maintenance, and upkeep of athletic grounds and stands, \$20,640.

Mr. HILL. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HILL: Page 84, line 2, after the amount "\$20,640," change the period into a colon and add the following: "Provided, That hereafter the authorities at the United States Military Academy are authorized to charge admission to all athletic contests in which the cadets take part, and the funds received from such charge shall be used solely for the improvement of the athletic facilities at the United States Military Academy."

Mr. MACGREGOR. Mr. Chairman, I desire to raise the point of order on the proposed amendment.

Mr. HILL. I ask the gentleman to reserve his point of order for a moment.

Mr. MACGREGOR. I will.

Mr. BLANTON. Will the gentleman yield?

Mr. HILL. I will.

Mr. BLANTON. I notice that Mr. McKENZIE's name was on the top of the amendment and was scratched out. I notice the letter which the gentleman introduced a moment ago with his other amendment had been written to the distinguished chairman of the committee. I heard something the other day about "wet nurses." There is no "wet nurse" for this committee, is there?

Mr. HILL. No. I will say to the gentleman that that question could not be raised on the facts; but the gentleman's remark gives me an opportunity to say something which I very much wish to say. I am very glad to say that, although there are, in my opinion, certain needed increases for national defense, yet there is most excellent cooperation on this bill between the subcommittee of the Committee on Appropriations and the House Military Affairs Committee.

And I wish to take this opportunity to say another thing, and that is this: At various times on these appropriation bills I may perhaps have been too enthusiastic last year for certain provisions of national defense, and I came into some clashes with some members of the committee, but I want to say I think the two members of this subcommittee, whom, I regret, will not be Members of the next House, and who, I hope, will be Members of the following House, have rendered this country splendid service by their conscientious endeavor to give the best kind of national defense, and I personally regret very much that the gentleman from Wisconsin [Mr. STAFFORD] and the gentleman from Mississippi [Mr. Sisson] will not be on this Appropriation



tions Committee next year. [Applause.] I hope they will be back soon. To the extent that that is "wet-nursing," make the most of it, I say to the gentleman from Texas [Mr. BLANTON]. [Laughter and applause.]

Mr. SISSON. Did the gentleman withhold his point of order?

Mr. MACGREGOR. I reserved the point of order.

Mr. SISSON. Mr. Chairman, I desire to say that I indorse very heartily the amendment offered by the gentleman from Maryland [Mr. HILL], because it meets with the hearty approval, so far as I know, of the authorities of the Military Academy. Now, it is necessary for you to understand a little bit about this matter, because it has been heretofore rather contrary to the rule of both academies to charge anything for admission to athletic sports. Athletic games have reached a proportion in the expenditure of money now so that to meet the demands of the public and build a stadium that will be sufficient amply to take care of these throngs of people that come from all over the United States to attend these great athletic sports the expenditure runs up into the millions, and with a charge of a very reasonable fee the authorities at the academy would be able to build a magnificent stadium, a stadium like the ones which are being built by other schools—one in Chicago and other great cities—costing millions of dollars, and yet not one dollar is appropriated from the institution, not one dollar is appropriated directly from the State universities. Simply an authority is given by the authorities of the universities to make a reasonable charge to these great athletic fields to those people who desire to see the athletic sports. That makes it self-sustaining and takes it out of the field of taxation. Now, I am not in favor of appropriating vast sums out of the General Treasury to furnish entertainment for the comparatively small percentage of people who may attend these great athletic games, but I am in favor of giving the authorities of the institutions, whether the academy at West Point or the authority to any State university or any private school under the management of individuals or under the management of eleemosynary institutions—as church schools are—as I say, I am more than willing that they be given the opportunity to make their athletics self-supporting. Now, I do not believe that it is absolutely essential and necessary that this provision should go into the bill, except that the custom has been that at this academy—and has almost grown into law—that the Army officers there in charge of it say they would feel very much better about it if they had the authority of the Congress.

I think Congress ought to give its authority. I do not believe the gentleman from New York [Mr. MACGREGOR] wants to tax the American people for a fund of a million dollars to build the right kind of a stadium to take care of the vast throngs of people that will come. I think the gentleman is mistaken, as usual [laughter], but he has the right to make the point of order. I hope he will withhold his point of order and let this very much needed and very much pressed for and very much sought for activity go on.

Mr. BLANTON. You can not very well blame the gentleman from New York since the last game that was played in Philadelphia.

Mr. BANKHEAD. Mr. Chairman, is the gentleman from New York going to insist on his point of order?

Mr. MACGREGOR. I am.

Mr. BANKHEAD. Then I think we should have it now.

The CHAIRMAN. The Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

For furnishing slate boards for six recitation rooms in West and East Academy Buildings, \$2,100.

The CHAIRMAN. Without objection, the Clerk will correct the spelling of the word "recitation" in line 9. Is there objection?

There was no objection.

The Clerk will read.

The Clerk read as follows:

For general incidental repairs and improvements to the cadet store building, including storerooms, office, tailor shops, shoe-repairing shops, \$1,500.

Mr. CRAMTON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Michigan moves to strike out the last word.

Mr. CRAMTON. I ask unanimous consent, Mr. Chairman, to be allowed to speak out of order.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to be allowed to speak out of order. Is there objection?

There was no objection.

Mr. CRAMTON. And also, Mr. Chairman, to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. CRAMTON. Mr. Chairman, I want to call attention at this time to the fact that the time has come when the people of the United States must, as a sovereign Nation, assert their rights and require foreign nations to observe a domestic policy that has been fixed after a political struggle of more than 50 years' duration, or else have such law of the people of the United States subordinated to the demands of the whisky interests of Europe.

The press for the past few days has been filled with dispatches relative to the activities of rum smugglers along the Atlantic coast. Undoubtedly many of the accounts which are being published and circulated are grossly exaggerated and the extent of the evil greatly magnified as a part of the propaganda which is being circulated to discredit prohibition. Yet the extent to which the smuggling trade in liquor, narcotics, and aliens has recently grown is sufficient to challenge the consideration of every thoughtful citizen.

I have examined the press reports for the past 12 months in an effort to discover the extent of this evil and in order to learn something of the methods which are being used by these smugglers as well as something of the difficulties which confront the enforcement officers. Discarding those reports which may be regarded as mere rumor or propaganda, the report of actual seizures made by the enforcement officers shows the amazing growth of this trade and reflects credit upon the officers charged with this difficult task. The following items will show something of the extent of these activities. They are selected at random from the press reports for a period of 12 months and disclose that while the greatest difficulties in this respect are encountered along the Atlantic coast with the liquors being smuggled in from the British possessions, the Bahama Islands, and from the French possession, the Island of St. Pierre, off the coast of New Foundland, yet these problems are not confined solely to the Atlantic coast; smuggling is also carried on on the Pacific coast and along the Canadian and Mexican borders.

Every conceivable device which modern science and invention have provided are being utilized by these smugglers in their attempt to frustrate the laws of the United States. Airplanes, submarines, radio, high-powered automobiles and motor boats have all been brought into use.

NEW YORK, January 18, 1922.—Conviction in United States Federal Court of certain persons alleged to be guilty of smuggling liquor from the ship *Javery*:

"The *Javery* arrived here on December 10 with 250 drums of alcohol, containing a total of 27,500 gallons, from Baltimore and consigned to Constantinople, Turkey. During the night 36 drums of alcohol were emptied into casks on the pier and carted away."

NEW YORK, March 23, 1922.—News item. The steamer *Javery*, seized last December when the Government confiscated grain alcohol valued at \$500,000, was sold at auction yesterday by United States Marshal Hecht at Stapleton, S. I., for \$15,000 to the Garland Steamship Co., 511 Fifth Avenue, which had a lien on the vessel. The *Javery* was built 14 years ago at a cost of \$300,000.

NEW YORK, January 19, 1922.—Reports of what was alleged to be an organized plot to smuggle imported liquors off the *President Wilson*. Police boats pursued four well-built, fast-engined motor boats that had been scuttling about the *President Wilson*. When pursued these boats sought to reach the Thirty-ninth Street pier. In the gloom in the rear of the bulkhead the police found a Ford automobile the tonneau of which was piled high with whisky. Three arrests were made.

NEW YORK, January 19, 1922.—Customs officers yesterday seized the motor schooner *Bertha A*, 25-ton registry, and its cargo of 1,900 packages of assorted liquors, valued at \$150,000, bootlegger prices, when the craft put in shore with her bow stove in as a result, it was said, of being struck by the British steamship *Sheffield* while at anchor 15 miles southeast of Atlantic Harbor. \* \* \* The *Bertha A* cleared from West End, Grand Bahamas January 3 for St. Johns, New Brunswick, with liquor aboard, according to Mr. Sanders. The vessel had no manifest, he said, and there was nothing to show to whom the liquor was consigned.

WINDSOR, CANADA, January 21, 1922.—Joseph D. Brean, of Detroit, arrested at the ferry, was charged with trying to smuggle 52 bottles of American moonshine into Ontario, where the sale of liquor for use within the Province is prohibited. His automobile was seized.

HOBOKEN, N. J., January 27, 1922.—Two arrests for smuggling liquor were made yesterday at Hoboken Pier by customs officials. Aliens charged with smuggling four and one-half cases of liquor were removed from the steamship *Marengo*, which arrived last Monday from Helena.

NEW YORK, January 8, 1922.—Alleged attempt by six men to smuggle liquor ashore from the *St. Marie*, of the United Fruit Line, at South Fourth Street, Brooklyn, last night resulted in the shooting of one of the men by customs officers and the arrest of two others. The wounded man fell into the river, but was rescued by his companions. Three men escaped in a motor boat with several hundred bottles of whisky. \* \* \* The men wore short jackets, the inside of which had eight pockets to carry liquor, the police say.

MINNEAPOLIS, MINN., January 19, 1922.—Coconuts which contained not their own natural milk but a pint each of strong Jamaica rum were seized by the Federal agents to-day at the Minneapolis railroad station.

SEATTLE, WASH., January 12, 1922.—Reports that a submarine built here years ago and later turned over to the Canadian Government, by which it was sold for junk, has brought large shipments of liquor into Seattle from British Columbia ports are being investigated by Federal authorities here to-day.

WASHINGTON, D. C., January 17, 1922.—Seizure of the first liquor-running airplane this year was announced by prohibition authorities. The plane, with 120 bottles of Mexican tequila, was seized on the Mexican border at Del Rio, Tex., and the pilot and two men arrested.

NEW YORK, March 4, 1922.—Police officers seized 54,000 bottles of hooch, valued at \$500,000, which had been brought into Westchester Creek, The Bronx. This liquor was stolen by a rum runner from a vessel of English registry outside the 3-mile limit at Cape May, N. J., and brought into New York in two scows. The flock of automobiles and trucks at the wharf aroused the suspicions of the officers, which resulted in the seizure.

NEW YORK, March 7, 1922.—Customs Inspector Hekensen and a squad of special agents yesterday raided the steamer *Iroquois*, of the Clyde Line, in her berth at Christopher Street, in the Hudson River, and found 30 cases of contraband liquor in the coal bunkers. Seven men arrested Friday night when they were alleged to have been unloading whisky from two scows in Westchester Creek at One hundred and seventy-seventh Street were held on \$1,000 bail each for the action of the grand jury, after examination yesterday before Magistrate Judge W. Simpson in the West Farms court.

NEW YORK, March 10, 1922.—The auxiliary schooner *Victor*, 95 feet long, was seized as a rum runner in the lower bay by customs agents who said she did not have a manifest for her cargo of more than 3,000 cases of American and Scotch whisky valued between \$300,000 and \$400,000. \* \* \* About the time the schooner was being seized the little British steamer *Granville* with a cargo of 2,200 cases of whisky which arrived off Twenty-third Street in the East River about three weeks ago, cleared and sailed for Nubitas, Cuba. The *Granville* arrived here under escort of Coast Guard cutter *Gresham* detailed to see that none of the cargo was diverted. Coast Guard cutters will keep the *Granville* under convoy as long as she keeps within the three-mile limit.

MARCH 11, 1922.—Word came from Cape May, N. J., last night that 3,000 cases of whisky were found on the British tug *Neville* bound from Cuba to Portland, Me., and forced by rough sea to put in at the breakwaters. Men from the Coast Guard cutters *Kickapoo* and *Gresham* seized the tug.

BOSTON, MASS., March 15, 1922.—"Proceedings against the *Grace* and *Ruby* and the half million dollar cargo of liquors as the result of the capture of this boat in this port as a rum runner recently, will take the form of a civil libel," said C. P. Curtis, jr., assistant Federal attorney, to-day.

NEW YORK, March 18, 1922.—The following heading appears: "\$500,000 in Scotch seized in battle on liquor ship. Fifteen customs men board schooner and capture the jewelled crew. Riverside Drive men, two real estate men, and two jewellers picked in this raid." The foregoing heading appears over the report of the seizure of the two-masted schooner *Clara*.

NORFOLK, VA., March 21, 1922.—Three men and two women were under charges to-day in connection with the discovery of a quantity of Scotch whisky aboard the United States ship *Henderson* at the naval base Sunday.

NEW YORK, March 24, 1922.—Rear Admiral Rodman has ordered that all Navy vessels except contraband craft arriving at Hampton Roads from foreign ports be searched and that only shore boats carrying authorized Government agents be allowed to approach them because liquor had been found concealed in bunkers and elsewhere.

NEW YORK, March 24, 1922.—Federal agents last night raided Pier No. 20, Clifton, Staten Island, near which the Japanese steamer *Toba Maru* is anchored. \* \* \* A thousand bottles of Japanese whisky done up to look like so many bottles of cologne were seized on the pier. It was believed that the liquor had been smuggled. Four Japanese were arrested.

NEW YORK, March 29, 1922.—The steam yacht *Edith* which was seized by a sheriff, Charles W. Smith, Nassau County, Bayville, Long Island, had on board, the officers said, 1,500 cases of rye whisky and 8,000 bags of six bottles of whisky each, the value of the appraisals being about \$300,000. Much of the liquor had already been loaded on six automobile trucks. The liquor had just arrived, the authorities said, from Nassau, in the Bahama Islands. Three arrests were reported to have been made.

MARCH 29, 1922.—In Federal court in Trenton, N. J., Capt. Joseph Ray, of the schooner *Pocomoke*, a liquor-running vessel operating between the Bahama Islands and this country, pleaded guilty to a charge of conspiracy to violate the Volstead Act.

NEW YORK, April 6, 1922.—American Deep-Sea Traders Association plans rum-running steamship line between Liverpool and port outside of 3-mile limit. Postal authorities put stop order on mail addressed to concern. J. V. Martin says organization has no connection with floating palace.

MAY 5, 1922.—A raid yesterday by customs agents of the Belgian *Ampetico* netted 350 bottles of whisky. The vessel was lying at a point near Bayonne, N. J.

MONDAY, May 22, 1922.—Rouses Point, N. Y.—Customs officers seized 100 cases of imported liquors found secreted in a cargo of lathes to-day in the railroad yards here.

CALIFORNIA.—News despatches report the capture at Point Lobos, on Monterey Bay, of 14 automobiles and 1,000 cases of Canadian whisky, valued at \$250,000; also the arrest of eight alleged booze smugglers. Prohibition officers had been notified that a mysterious ship, carrying liquor, had passed Vancouver and was proceeding toward Mexico. The prohibition agents kept a close watch, being aided by members of the Coast Guard. The boat kept outside of the 3-mile limit until Sunday night, according to the agents, when it turned inshore and lowered anchor. \* \* \* At the arrival in the vicinity of Point Lobos, according to the officers, they noticed that a score of motor boats were plying between the vessel and the Point Lobos wharf. Automobiles were on the wharf, and into these men and women were seen piling cases of liquor.

NEW YORK, July 28, 1922.—The press reports liquor, worth \$250,000, and three rum-running vessels were seized with their crews to-day. The three vessels seized were the *Marion Mosher*, the sloop J. H. B., also of British registry, and the small auxiliary schooner *K-10706*. Two members of the crew of the schooner told a story of "shanghaiing" and ill treatment.

NEW ORLEANS, LA., June 3, 1922.—Thirty shots were exchanged in a rifle and pistol battle at dawn Saturday between Lake Ponchartrain rum runners and three United States prohibition agents near Bayou St. John. The Federal men captured one boat, a 30-foot speed launch, named *Wayfarer*, arrested its skipper, and used it to chase two other booze runners into the marshes. \* \* \* The cargo seized aboard the *Wayfarer* was valued at \$300,000.

NEW ORLEANS, LA., March 13, 1922.—Four hundred sacks of bottled whisky were taken from the good ship *Honest Clay* Monday and destroyed by Federal prohibition agents. Tony Vashan, the skipper, was arrested, but the crew escaped. The cargo was valued at \$20,000.

NEW BEDFORD, MASS., March 7, 1922.—To-night the British schooner *Peseguid*, which was brought into the harbor this evening by the Coast Guard cutter *Acushnet* with most of her cargo of 3,000 cases of liquor still aboard, was still anchored off the State pier. \* \* \* The schooner's commandant, Capt. B. W. Latham, stated that he was bound from Nassau to St. Pierre with 3,000 cases of liquor, but it was not all on board when the men from the *Acushnet* boarded her, although how much is missing can not be definitely stated until there is an official check.

NEW JERSEY, May 17, 1922.—The 75-foot sloop *Grace and Edna* was captured Monday night about 5 miles off Monmouth, N. J., and six members of the crew were arrested. \* \* \* Going aboard the sloop the hand crew found 1,063 cases of Scotch whisky. Burlap bags containing bottles of whisky were found in every imaginable place, some being suspended from the mast and hanging over the sides of the vessel. The liquor, it was said, was loaded at Nassau, Bahama Islands. One of two sets of clearing papers showed the vessel was bound for a Canadian port. The destination given in the other set was not announced.

NORFOLK, VA., March 2, 1922.—The Nova Scotian schooner *Emerald* loaded with liquor was captured by the Coast Guard cutter *Manning* after a chase off the Virginia capes Saturday, and was taken over to-day by the United States marshal.

PORTSMOUTH, VA.—The Nova Scotian schooner *Emerald*, of Digby, Nova Scotia, flying the British flag, was seized by the Coast Guard cutter *Manning* 9 miles southeast of the Cape Charles Lighthouse as a rum runner. Her cargo, it is alleged, consisted of more than 1,000 cases of liquor for New York delivery.

NORFOLK, VA., June 10, 1922.—Approximately 1,000 quarts of liquor, valued at more than \$10,000 were seized by marine guards of the navy to-day in a raid on the Navy ship *Sirius*. Under orders of Rear Admiral Philip Andrews, commandant of the navy yard, the officers and men are confined to their ship under guard.

NEW YORK, September 16, 1922.—The press reports the seizure of the British schooner *Buema*, 40 tons, out of Rockport, Nova Scotia, and the *Etta B.* 30 tons, out of Nassau. Four hundred packages of whisky, mostly in bags, and 5 kegs of rum were found on the *Buema* and seized. Even the lifeboat was full of them. Capt. John Sims had \$19,793 cash in a tin box, and First Mate John McNeil had \$2,150.

NEW YORK, September 22, 1922.—The press reports the capture of the tug *Kehoe* and the confiscation of 2,112 cases of Scotch and rye whisky found in the engine room. The seized liquor is valued at \$25,000.

NEW YORK, August 31, 1922.—The British three-masted schooner *Gamma*, with \$200,000 worth of Scotch whisky aboard, and the steamer *Smithfield*, alleged to have been carrying a floating bar, were seized by customs and prohibition authorities to-day.



NEW JERSEY, September 15, 1922.—Suspected of having delivered all but 65 cases of her cargo of 2,000 cases of whisky at ports along the Jersey coast in violation of the customs laws and Volstead Act the two-masted fishing sloop *M. M. Gardner*, 130 tons, of British registry, was seized late Wednesday night by the Government rum chaser *Taylor* about 7½ miles off Long Branch, N. J. \* \* \* The clearance papers showed, the report said, that the vessel left Nassau, Bahamas, with 2,000 cases of whisky for St. Pierre de Miquelon, while at the time of seizure there were on board only 131 packages, or 65½ cases. \* \* \* Captain McDonald and his men found aboard the fishing sloop three books said to contain the name and address of big hotel keepers at Asbury Park, Atlantic City, and Long Beach, as well as names of New York hotel and café keepers, with code markings showing where motor boats could be met for unloading purposes was also found, according to the Government officials. With the vessel was also seized \$50,886 in gold.

NEW YORK, September 16, 1922.—Three alleged rum-running boats were added yesterday to the list of craft seized by the prohibition navy's rum chasers, making the fourth important capture for the week. The *Hahn*, in command of Capt. George V. Tawes, brought in two 2-masted vessels, both of British registry, with a combined cargo of 1,450 cases of Scotch whisky, while the *Newberry* seized a crewless motor boat with 40 cases of whisky.

ATLANTIC CITY, N. J., September 17, 1922.—The auxiliary schooner *Pittsburg*, now lying in Cape May, was the boat seized on the orders of Mr. Pearse, and her captain, George Jeffrie, 54 years old, of this city, has been arrested. \* \* \* According to the information which the customs agents have secured the *Pittsburg* succeeded in landing between 300 and 400 cases of Scotch whisky here.

NEW YORK, September 15, 1922.—The 60-foot two-masted schooner *Glendover* \* \* \* with her cargo of between 750 and 800 cases of whisky was seized in East River yesterday morning. \* \* \* Some of the cases were marked "Canada." Included in the consignment were Haig & Haig, Black & White, and other well-known brands of Scotch. The police estimates the value of the vessel at \$50,000, and the whisky, at bootleg prices, at \$70,000 to \$80,000.

These excerpts show clearly the devices which are being used in an attempt to circumvent our laws. They also show that it is a problem coextensive with our territorial boundaries.

The practices of these bootleggers and rum pirates tend to undermine the morale of the American seamen. In many instances law-abiding and patriotic citizens of the United States who are attempting to keep the American flag afloat on the high seas are being victimized by these unscrupulous criminals. The following letter from four officers of the ship *Korona*, written from Cadiz, Spain, to the New York Times of September 22, 1922, illustrates the manner in which these men, many times unsuspectingly, are lead to accept employment on these vessels and when beyond communication with the shore are forced by thugs and gunmen to do the bidding of these modern pirates. The letter reads as follows:

[From the New York Herald, Saturday, September 23, 1922.]

ACTS IN SMUGGLING OF \$1,000,000 RUM—GOVERNMENT TO TRANSPORT THE "KORONA'S" OFFICERS HOME TO TELL WHAT THEY KNOW.

The prayer of four officers of the liquor-toting steamship *Korona*, who have appealed to the world from Cadiz, Spain, for "justice and assistance," is likely to be answered. The Department of Justice probably will transport the stranded mariners home and use them as witnesses at the trial of 14 indicted men and 2 corporations accused of smuggling nearly \$1,000,000 worth of alcohol and whisky into this country and landing it on a pier in Newtown Creek, off the East River.

The four officers, in a letter published here, told a long and circumstantial story of the voyage of the *Korona* under the Peruvian flag, which began at New York in March and ended at Cadiz, where the vessel was seized by order of the United States Government. Their tale coincides with and also supplements information already in the Department of Justice. The officers are Nolan B. Harris, chief steward and purser, of Lyons, N. Y.; Zachary Taylor Jones, second mate, of 55 Forest Avenue, Verona, N. J.; Arthur B. Anderson, wireless operator, of 155 East Eighth-fourth Street; and A. E. Andrea, second engineer, of 5223 Second Avenue, Brooklyn.

They told how the ship, owned by the Globe Line, whose real control the Government is trying to identify, cleared from New York on March 19 last for Greece, and how it stopped off the Rhode Island coast and transferred to a barge 40,200 gallons of grain alcohol, which was towed back to New York and landed in Newtown Creek with the assistance of 18 uniformed policemen. Then, they said, the *Korona* steamed to St. Georges, Bermuda, got a load of 2,200 cases of whisky and 74 barrels of liquor and, returning to Block Island, transferred the stuff to the barge, after which the *Korona* actually started across the Atlantic and got as far as Cadiz.

The rueful officers now at Cadiz say that the *Korona* had gunmen aboard, with orders to watch the chief steward, wireless operator, and second officer and to shoot anyone who might try to signal for help or halt or leave the ship. They say that the gunmen did beat up one of the firemen and threaten to throw him overboard. They make charges of "graft, rum running, and modern piracy."

The Globe Line, owner of the *Korona*, was bought from Gaston, Williams & Wigmore about a year and a half ago. It closed its offices at 150 Broadway about the time Federal indictments were filed, which was on July 5.

I do not vouch for the accuracy of these statements, but have merely selected this as one from among many such stories now being told by those who navigate the high seas.

These bootleggers and rum pirates are utilizing the near-by possessions of foreign nations as a base from which to attempt to smuggle liquors and other contraband articles into this country. Something of the growth of this business can be learned from an article appearing in the Literary Digest of December

30, 1922, wherein is quoted an article by Mr. Dolan, of the New York Daily News. In speaking of the growth of the liquor business in the Bahama Islands, Mr. Dolan is quoted as saying:

When Uncle Sam added prohibition to the other 17 constitutional amendments, the government of the Bahamas, always behind in its fiscal affairs, owed the Imperial Government of Great Britain about \$500,000. Now Great Britain owes the Bahamas more than \$5,000,000 and the old loan has been paid off. How? By taxing the rum runners' cargoes.

The business of transporting liquor from the Bahama Islands to the high seas, a destination for which the rum boats are allowed to clear, owing to a peculiar kink in Bahama maritime law, is perfectly legitimate.

The smugglers violate no Bahama law by purchasing millions of dollars' worth of liquor in the colony each year, and, as far as the local government of the Bahamas is concerned, the destination of liquor which leaves the island is the joint affair of the United States Government and the rum runners.

A similar situation is reported to exist in the Miquelon Islands, just off the Newfoundland coast. In speaking of this place, it is said in the Literary Digest article:

And the Miquelon Islands, just off the Newfoundland coast, have built a liquor traffic that is now second only to the Bahamas. St. Pierre is the chief shipping point from the Miquelons, and this town has grown in the past three years from a small fishing harbor to a commercial center. There is no concealment of rum traffic there, for St. Pierre is under the flag of France, and French merchants have yet the legal right to buy liquor of whom they choose and sell it to whom they can in return for coin of the Republic, which has not depreciated. It is said that even the dry-goods merchants of St. Pierre carry stocks of liquor.

The reports contained in this article are confirmed by investigations made by other newspapers and periodicals of this country. Collier's Weekly of June 24, 1922, contains the report of a similar investigation. The Christian Science Monitor during July and August, 1922, also contains a report of investigations made by representatives of that paper.

The question of the right of vessels of the United States to transport and sell liquor on the high seas, also the right of foreign vessels to transport intoxicating liquor for beverage purposes within the territorial waters of the United States, is now pending before the Supreme Court. For this reason I shall not touch upon the legal aspects of this question, but in this connection I would call attention to the fact that the privilege which has heretofore been accorded foreign vessels of listing liquors as sea stores under our customs regulations has also been abused. This is pointed out in the brief filed by the United States district attorney of the southern district of New York in the cases recently decided by Judge Hand, involving the right of foreign vessels to possess beverage intoxicants within the territorial waters of the United States.

In the Government's brief, in reply to the contention of counsel for the shipping interests, the case of the British steamer *Harbinger* is cited with reference to sea stores. The facts in that case were:

The British vessel *Harbinger*, of 70 tons, purporting to have sailed from Halifax bound for Nassau, entered the port of Eastport, Me., having on board 300 cases of liquor, which were listed as sea stores. The vessel was detained by customs officials and subsequently released. On January 25 the vessel entered the port of Newport, R. I., accompanied by the Coast Guard cutter *Acushnet*. It was later escorted down Long Island Sound from a point off Bridgeport, Conn., by the Coast Guard cutter *Gresham*. Subsequently, on February 5, the vessel was seized at Perth Amboy, N. J., after an alleged attempt to smuggle liquor into the United States. The Government brief, in referring to this case, said:

\* \* \* He claimed \* \* \* the right to transport liquors as sea stores into the ports of Portland, Me.; Boston, Mass.; and New York. \* \* \* He was accorded the privilege under the regulations then in force. All courtesy extended to him as a foreign master short of coal. Three Coast Guard cutters spent a day or more with their expensive crews escorting the polished gentleman down the coast. Other customs officers tenderly watched him for days, until at last, after nearly a month of solicitous surveillance, the polished gentleman started to smuggle his cargo and boat and crews were seized.

According to the statement appearing in the New York Times of January 15, 1922, Maj. John Haley Clark, jr., assistant United States attorney, is quoted as saying:

Another frequent and large source of liquor in the country is from foreign ships which come in with their cargo of liquor apparently sealed. With about a hundred floating saloons daily and probably a thousand constantly in the port it would be surprising if a lot of liquor did not get ashore unnoticed. Customs officers have found liquor in almost every part of the vessels that arrive from a port in a foreign country, and generally it is without the knowledge of the master of the vessel.

These illustrations are sufficient to show the character of the problem which confronts the American people. The people of the United States have, by an amendment to their Constitution, written the policy of prohibition into their fundamental law. As the Government has tightened up on the withdrawal of liquor from the bonded warehouses of the United States, and

as they have improved their facilities for suppression of illicit distilling, additional incentive is given for smuggling.

The time has come when the people of the United States must, as a sovereign Nation, assert their right to require foreign nations to observe a domestic policy, adopted after a political struggle of more than 50 years' duration, or else confess that the will of the people of the United States is to be subordinated to the dictates of the mercenary demands of the whisky interests of Europe.

A similar situation confronted this Nation many years ago with reference to the slave trade. The people of the United States did not hesitate to exercise their sovereign rights to suppress this outlawed traffic, so, as at that time, the people of the United States must insist that foreign nations respect our laws; that the fraudulent practice now obtaining in some quarters of issuing double clearance papers and of registering vessels of the United States, who seek to transfer their allegiance to another flag in order to engage in the business of rum running, be suppressed.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

Under the authorizations contained in this act no issues of reserve supplies or equipment shall be made where such issues would impair the reserves held by the War Department for two field armies or 1,000,000 men.

Mr. BLACK. Mr. Chairman, I move to strike out the last word.

Mr. HULL. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. The gentleman from Texas moves to strike out the last word.

Mr. BLACK. I will yield to the gentleman from Iowa later.

Mr. Chairman, I want to ask the chairman of the subcommittee [Mr. ANTHONY] a question about this particular appropriation which I see on page 77. It is that particular provision of the bill which provides for the procurement, purchase, manufacture, and use of certain supplies for the National Guard. The Secretary of War is directed to issue from surplus or reserve stores or material as much of this equipment as he is able to issue. On reading the hearings I find that when the estimates were sent to the committee by the Budget Bureau the language "or reserve stores" was omitted, and that those in charge of the militia department called that fact to the attention of the committee and also brought to the attention of the committee the fact that the omission of such language would make a much larger appropriation necessary for the support of the National Guard.

Mr. ANTHONY. That is correct.

Mr. BLACK. Down that far the situation is clear enough to me. Now, the question in my mind is, What effect will the adoption of the paragraph just read in the bill have upon the National Guard authorization to which I have called attention?

Mr. ANTHONY. As the gentleman just stated, there is an authorization carried in the appropriation for the National Guard and for the training of several of the reserve activities for them to invade the reserves of the stores of the Army to get supplies instead of our appropriating the money for that purpose. The committee believes that abundant stores are now carried as reserves, more than the necessities of the Government demand, and which can be profitably used for supplying these services. But there is a limit attached to the amount of these reserves. The War Department says it is necessary to keep on hand material sufficient to equip three field armies. That would mean a million and a half men. The committee thought if they keep a sufficient reserve for two field armies, or a million men, that would be enough, and that we should use all reserves in excess of that requirement.

Mr. BLACK. The point I have in mind is this: Has the committee made a sufficient investigation of the matter to determine to its own satisfaction that a provision allowing the Army to keep a sufficient reserve for two field armies, or 1,000,000 men, will still permit the Secretary of War to issue to the National Guard a sufficient amount of equipment to comply with the estimates of the Militia Bureau?

Mr. ANTHONY. Yes. Take the question of uniforms and uniform materials: Now, our hearings showed that the Army had on hand four or five million uniforms—or parts of uniforms, or yards of uniform cloth on hand—much more than necessary for reserve purposes, and that it would be good business to use up some of that reserve.

Mr. BLACK. Of course, I am in thorough accord with the idea of the gentleman from Kansas to use all this surplus material possible, because we all realize that a great deal of the equipment becomes obsolete, and if we go ahead and spend our good money to buy new equipment and allow this other material

to become obsolete the loss would be complete in some cases and very heavy in the aggregate.

Mr. ANTHONY. There is other equipment in which the War Department is short, and they said that unless there is a limit put on it we would invade their reserves very seriously; for instance, in the case of cartridge belts, in which they have no surplus. On such things we want to be within reason.

Mr. BLACK. If the gentleman feels certain that the provision in the bill, to which I have referred, will not impound so large a quantity of equipment and supplies now in the hands of the War Department as to make it unable to comply with the National Guard request I shall be satisfied.

Mr. ANTHONY. As the gentleman will notice, we are cutting down the amount that the War Department wants to hold in reserve 33 per cent.

Mr. BLACK. Yes; and I am in entire agreement with that policy and think it might be wise to go even further. That was the reason for my inquiry.

Mr. HULL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HULL: Page 92, line 7, after the word "men," insert a new paragraph as follows:

"No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch or other time-measuring device a time study of any job of any such employee between the starting and completion thereof, or of the movements of any such employee while engaged upon such work; nor shall any part of the appropriations made in this act be available to pay any premiums or bonus or cash reward to any employee in addition to his regular wages, except for suggestions resulting in improvements or economy in the operation of any Government plant."

Mr. BLANTON. Mr. Chairman, I make a point of order against the amendment that it is legislation unauthorized on an appropriation bill; and regardless of what has been done heretofore, in all sincerity I make the point that it is not a limitation. It does not come within the Holman rule. It does not retrench expenditures, and it is against the rule just the other day suggested by the distinguished gentleman from from Connecticut [Mr. TILSON] to the gentleman from New York [Mr. HICKS], who was then in the chair presiding, and adopted by him as his decision on the question.

Mr. HULL. Mr. Chairman, I hardly think it is necessary to argue the point of order very long with the chairman of this committee. I think he was in the chair a year ago when the same point of order was made against identically the same amendment, and he held it in order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. HULL. I do not know how anyone can claim it is not in order at the present time, when it has been held in order for eight years. I am sure the present occupant of the chair was in the chair once, and I think he has been in the chair several times when this identical amendment has been held in order. It has been held in order by the best parliamentarians in this House.

Mr. BLANTON. Mr. Chairman, I want to be heard on the point of order when the gentleman gets through.

Mr. HULL. I am through on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, it is time that all these recent parliamentary cobwebs should be wiped out and that we should get back to the sane rulings that have been made in this House heretofore. They all run back to the ruling suggested the other day by the distinguished present occupant of the chair, made by Mr. Speaker CANNON, when he said that a limitation which is legislation, which directs affirmative action, which restricts the discretion of an executive, should be ruled out of order on appropriation bills. That the Members of the House have the right to expect when an appropriation bill comes on the floor in charge of a committee that it contains no legislation, and that when it does contain legislation or when legislation is offered from the floor and a point of order is made against it, it should be sustained. I am sure that the Chair is not going to be carried away by what has happened heretofore. Garden seed amendments have been held in order time and again in the Committee of the Whole in former Congresses, and usually on committee rulings the Speaker of the House follows the decisions of the Chairman of the Committee of the Whole House on the state of the Union. Every year since I have been in Congress the Chairman of the Committee of the Whole has held the garden seed amendment in order. Yet the other day when that proposition was put directly up to the Speaker of the House he held that it was legislation on an



appropriation bill and that it ought not to be permitted. I submit to the Chair that this costs money to the Government. I submit to the Chair that the evidence is before our committee showing that where you prevent any kind of supervision over the employees of the Government in these various arsenals you do not get that degree of efficiency which this Government has a right to expect and that it is a wastage of at least 40 per cent of the money spent in these supply bills because of a lack of such supervision. Hence, it is not a retrenchment and does not come within the Holman rule, but a direct additional expenditure that is called for by this amendment; and I submit that the point of order should be sustained.

The CHAIRMAN. Does the gentleman from Iowa wish to be heard?

Mr. HULL. If it is necessary, certainly.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. HULL. There is no question about the retrenchment that this amendment would call for.

The CHAIRMAN. Is that the gentleman's point, that the Holman rule sustains it?

Mr. HULL. The point is that under the Holman rule it is a retrenchment. It would take 1,000 additional officers to enforce the Taylor system in our present Government factories. There is no question about that. Now, if you have to pay 1,000 officers you have to increase the expenses of the Army. This is the Army bill, and it is a retrenchment under that bill. It is also a clear limitation.

Mr. DENISON. Mr. Chairman—

The CHAIRMAN. Does the gentleman from Iowa yield?

Mr. HULL. Certainly.

Mr. DENISON. As I understand the point, this is a limitation on the appropriation. It does not necessarily have to be a retrenchment to be within the rule. It is a limitation on the appropriation, and the point of order ought not to be sustained. It is clearly a limitation.

Mr. HUSTED rose.

The CHAIRMAN. Does the gentleman from New York wish to be heard?

Mr. HUSTED. Very briefly, Mr. Chairman. This provision has been held in order so many times by Chairmen of the Committee of the Whole House on the state of the Union that I supposed no Chairman would attempt to disestablish the precedents. But I believe there is good parliamentary ground for holding this provision out of order. This is a clear direction which interferes with executive discretion in the management of a department of the Government and is not really within the confines of a proper limitation. It is in effect a provision of substantive law, saying to this department of the Government: "You must not use a stop watch; you must not use any time-measuring devices; you must not pay a bonus." It does not come within the reasoning that applies to a proper limitation.

The CHAIRMAN. The Chair is ready to rule. It is my belief that nothing is ever finally settled until it is settled right. The amendment now offered by the gentleman from Iowa [Mr. HULL] has been ruled upon a number of times during my experience in this House and has been decided both ways. The greater number, however, and all of the later decisions have been one way, holding that it is a limitation. The present occupant of the chair, quite probably, was one of those who guided entirely by recent precedent held it to be a limitation. However that may have been, he now believes in the light of a more thorough consideration that such rulings were fundamentally wrong, that it is not a limitation of an appropriation but a positive restriction upon Executive authority, and to the extent of such restriction a change of existing law.

In a decision of Mr. Speaker CANNON, to which I referred a few days ago when a somewhat similar question was pending before the Chair, the effect of the language was held to be decisive, and this became the point upon which the decision in that case turned. Fourth Hinds' Precedents, section 3935.

What is the effect of the language in the case before us? It is to prohibit the officials in charge of our arsenals and other governmental establishments from doing what they might legally do if this restriction were not in force. For instance, without a restriction of this character they could make a time study with a time-measuring device. If this amendment is added to the bill, as it has been for many years past, then it will not be permissible for these time studies to be made. This is clearly and admittedly the effect and purpose of the language.

It is not the province of the Chair to say whether the time studies ought or ought not to be made. That is a question for Congress to decide by appropriate legislation. It is the duty of the Chair to determine whether this amendment is a proper limitation on an appropriation bill under the rules of the

House and to say whether the proposed language simply limits the appropriation or whether as a matter of fact it changes existing law, and is, therefore, legislation. The Chair believes that it is not a mere limitation on an appropriation but in effect is legislation, and therefore sustains the point of order.

Mr. HULL. I respectfully appeal from the decision of the Chair.

The CHAIRMAN. In order to relieve the Chairman from any possible embarrassment the gentleman from Oregon [Mr. HAWLEY] will please take the chair.

Mr. HAWLEY took the chair.

The CHAIRMAN. The question is, Shall the decision of the Chair stand as the judgment of the committee?

Mr. GARRETT of Tennessee. Mr. Chairman, I will ask for tellers.

The question was taken, and tellers were ordered.

Mr. LONDON. Mr. Chairman, I make the point that no quorum is present.

The CHAIRMAN. The gentleman from New York makes the point that no quorum is present. The Chair will count. [After counting.] One hundred and nine Members present—a quorum. The Chair will appoint as tellers the gentleman from Iowa [Mr. HULL] and the gentleman from Texas [Mr. BLANTON].

The committee divided; and the tellers reported that there were 66 ayes and 26 noes.

So the decision of the Chair was determined to be the judgment of the committee.

Mr. HULL. Mr. Chairman, I have another amendment.

The Clerk read as follows:

Page 92, after line 7, insert a new paragraph as follows:

"No part of the moneys appropriated in each or any section of this act shall be used or expended for the purchase or acquirement of any article or articles that at the time of the proposed acquirement can be manufactured or produced in each or any Government navy yard of the United States for a sum less than it can be purchased or acquired otherwise."

Mr. SNYDER. Mr. Chairman, I make the point of order against that amendment that it is legislation on an appropriation bill.

Mr. HULL. Mr. Chairman, it has been held in order for six years on both Army and Navy and fortification bills. I know that it does not make much difference any more whether you follow precedents or not. We seem to be setting up a new rule of running things to suit ourselves. But, gentlemen, that will not always last. It has been held in order by the best parliamentarians. It is a clear limitation and will save the Government money. There is no question about that. If you can not put on a limitation of that kind that will save money and save money on the face of it, I know of nothing you can put on in the way of retrenchment on any appropriation bill.

The CHAIRMAN. The Chair has not had time to examine any of the decisions, but if the gentleman from New York has any authority or precedents he may present them.

Mr. SNYDER. I have no precedents, but it is not a limitation or reduction of expenditure.

The CHAIRMAN. It is not a reduction of expenditure; it is a question whether it is a strict limitation or whether this is a requirement as to the qualification of things to be purchased.

Mr. GARRETT of Tennessee. May we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk again read the amendment.

Mr. SNYDER. The point I make is there is no possible way that it can be determined at the time the purchase is made whether it can be produced for less in an arsenal, so that the point made, that it is a saving, is clearly a guess or an estimate.

Mr. GARRETT of Tennessee. That is not a parliamentary proposition; whether it can be ascertained or not I do not know, but it does not affect the parliamentary situation.

Mr. SNYDER. But the gentleman from Iowa said that it was a saving to the Government. I question that. I think it is clearly new legislation and has no place on an appropriation bill.

Mr. GARRETT of Tennessee. It occurs to me that it is in order as a limitation and is in order under the Holman rule.

Mr. GRAHAM of Illinois. Mr. Chairman, just a suggestion. Why is not this a limitation? Can not Congress now, if it legislates for a certain amount to be expended in general terms, put a limitation on it and say that no part can be used for the construction or building of 6-inch guns? Can not it put on a limitation by saying that no part shall be used for the purchase of articles from private persons? It is purely a limitation. I think there can be no question about it.

Mr. BLACK. Mr. Chairman, it seems to me that the gentleman from Iowa has offered an amendment very similar in character to the following provision already carried in the bill. On page 92 will be found this provision:

No part of the moneys appropriated in this act shall be used for paying to any civilian employee of the United States Government an average daily wage or salary larger than that customarily paid by private individuals for corresponding work in the same locality.

I recall that when the provision which I have just read was offered as an amendment to this same Army appropriation bill in the session of Congress in which the appropriation bill for the fiscal year 1923 was passed a point of order was made against it upon the ground that it was new legislation. The Chair overruled the point of order upon the ground that it is a limitation, and therefore in order. I can see but very little difference, if any, between the language which I have just read and the amendment offered by the gentleman from Iowa [Mr. HULL].

Mr. HULL. Mr. Chairman, the gentleman has made a very good argument, but as a matter of fact that is not the point that my amendment covers. This is to save money in the purchase or manufacture of articles appropriated for by this bill, and in no case can the language apply unless it saves money. The language itself says that the articles shall only be manufactured in the navy yards when it may be done at a saving to the Government.

Mr. BLACK. Yes; I understand the effect of the amendment. I understand the gentleman from Iowa contends that his amendment is in order upon two grounds. One is under the Holman rule, and the other is that it is a limitation. I think the gentleman's amendment is in order, because it is a limitation and is very similar to the one to which I called attention.

The CHAIRMAN. The point of the gentleman from Texas [Mr. BLACK] seems to be well taken. The same principle that would apply to the paragraph already in the bill would also apply to this amendment. It is a limitation because it is simply a description of a class of articles that may be purchased, if the articles to be purchased can be brought under the classification made. It seems to the Chair that it is a proper limitation upon an appropriation bill. It prescribes no new duties for any official, and it does not restrict any official except in a negative way by preventing him from expending appropriations. It seems to the Chair that it is only a limitation, and therefore is in order. The Chair overrules the point of order.

Mr. HULL. Mr. Chairman, this amendment is designed to save money to the Government in the procurement of any article which may be procured under the authorizations in this bill. There are a great many Government factories making things, and there are a great many bureaus buying things. This amendment requires them to find out before they procure an article, before they make the contract, whether it can be made more cheaply out of the material already on hand in their own Government-owned factories.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. HULL. Yes.

Mr. BEGG. The gentleman knows that the Government arsenal to-day is about 6 cents a pound on steel castings higher than private bids?

Mr. HULL. I know that the Government is making almost everything much more cheaply; and I know this, that to-day, yesterday, we had a bill asking for this very thing to be carried out in the other bureaus of the Government, and already the great manufacturers of the country are here protesting against letting the Government even make an estimate on their own work, for fear they will get the job away from them, and they claim to be efficient; and in this bill there is another provision trying to give them 25 per cent more when they buy.

Mr. BEGG. Last April the Government arsenal advertised for bids for a good many thousand pounds of castings. They received 13 bids from private foundries. One was from the Government. The Government bid was 17½ cents and the lowest bid was 10½ cents. Every other bid was lower than the Government. Yet the Government gave the contract to the arsenal. It is the old story of high prices for Government operation. I took the matter up with the Secretary of War myself, and his reply was that they had to give them something to do, even if it costs more, and I will give the gentleman the Secretary's letter, if he wants to see it.

Mr. HULL. That does not apply to this amendment. This amendment provides that it must be done more cheaply. I have no objection to their purchasing articles outside, if they cost less, but I do have objections to their going outside and buying when

it can be manufactured more cheaply in the arsenals or navy yards. If it is cheaper, then let them manufacture it in their own arsenals. Mr. Chairman, I ask unanimous consent to modify my amendment. I introduce the amendment from the naval bill, and the words "arsenal or Government-owned factory" should be included in the amendment.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to modify his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment: Page 92, after line 7, insert a new paragraph as follows:

"No part of the moneys appropriated in each or any section of this act shall be used or expended for the purchase or acquirement of any article or articles that at the time of the proposed acquirement can be manufactured or produced in each or any of the Government arsenals or Government-owned factories of the United States for a sum less than it can be purchased or acquired otherwise."

Mr. BEGG. Mr. Chairman, I oppose this amendment because under the amendment, if adopted, there is not any way to stop any ambitious operator of a Government factory from advertising for bids for anything they use in the way of Government supplies, and then saying, "We can make that more cheaply in our own factories," and even though they have not manufactured an article of its kind theretofore, and, after they have made it, it costs twice as much as the Government could obtain it otherwise, the Government has no recourse.

I am not enthusiastic about the Government going into the manufacturing business beyond a very minimum point. The case cited happened last April with the Government foundries or arsenals. They advertised according to law for so many castings of various kinds. There were 18 bids submitted. The lowest bid was the bid submitted by an electric foundry, 10½ cents a pound. The highest bid was 17½ cents a pound. That was the Government bid. The contract was awarded to the Government. When I took it up with them, because the foundry happened to be located in my city, to ascertain why the bid was not given to the lowest bidder the answer that I received was that they had to have something to keep the men at work. I have another institution in my town that is the only institution that does centrifugal casting of steel, and it makes castings that have never been equaled by any other process. That institution gave to the Navy Department permission to use that process without the payment of royalty during the war. Yet to-day, to get a job from the Government, when he is a low bidder, we have to appeal to the highest authority and go over the heads of the men in charge.

And I know, because we did it less than a month ago. These men who were doing this business for the Government are not out to get the lowest price. They are only interested in keeping the factory going and the men employed. Now, I prefer to employ the men in private industry rather than have the men on the Government pay roll, and therefore I am opposed to the amendment.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. BEGG. I will gladly yield.

Mr. BLANTON. One of the main obstacles in the amendment is this: Suppose the Government needs a certain lot of items and it wants to buy them, and it wants to get them right away. If the ones in charge of these arsenals will say, "We can manufacture these for less than you can buy on the outside," it would prevent the Government from buying it there.

Mr. BEGG. Certainly.

Mr. BLANTON. The Government would have to wait for them to be manufactured. If you will read the amendment carefully, it will prevent the Government from buying if they can be manufactured at the same or a less cost in an arsenal.

Mr. BEGG. And add to that if the men in charge of the arsenal would merely make the statement that they can make them for less than they can go on the outside and buy; and then they make it, costing twice as much, the Government is the goat.

Mr. HULL. Will the gentleman yield?

Mr. BEGG. I will yield the floor.

Mr. SNYDER. Mr. Chairman, I move to strike out the last word. If there be any real merit in this proposition presented by the gentleman from Iowa, there would be no necessity for this legislation at all. If the arsenal could make the items cheaper than they could be purchased, there is no law against their buying them now; and this is but an attempt to throw into the arsenals and Government factories of the country items now being made throughout the country and sold to the Government at proper prices under extreme competition. If the



very fact that he is trying to legislate was a necessity, there would be something to it, but if the Government arsenals can make these items cheaper than they can be bought for on the outside at present, they need no law to do it. They can already make them. But the gentleman from Texas has raised a potent point. Suppose the Government wants to buy some item which it needs quickly, and just as it was about to purchase the item the Government said, "We can make this cheaper, if we have the time." Under that amendment, as I understand it, and I listened to its reading, the purchase could not be made if the officer in charge of the arsenal said he could make the item, and the Government would have to wait until it was made. It is nothing more or less than trying to take into the arsenals and Government factories of this country items which could be made by private institutions of the country at fair prices, and have always been sold at fair prices and in large quantities, and delivered promptly made as they were wanted by the Government. I oppose the amendment on that basis.

Mr. SNELL. Will the gentleman yield?

Mr. SNYDER. I will.

Mr. SNELL. Is it the policy of the Government to go into the general manufacturing business?

Mr. SNYDER. That is what they are trying to do, to put the Government into the general policy of manufacturing of military equipment.

Mr. SNELL. Are not those articles made in navy yards for a special specific purpose, for the manufacture of definite things for the use of the Army and Navy?

Mr. SNYDER. Everybody else except a few fellows who are trying to shift the policy.

Mr. SNELL. Shift a policy that has always been followed?

Mr. SNYDER. That is what it means, and nothing else.

Mr. DALLINGER. Mr. Chairman, this amendment does not mean what the gentleman from New York says it means. It only applies to things purchased by the War Department. The arsenals operated by the War Department are intended to make things for the Army, and they should make those things for which they are equipped if they can make them more cheaply than they can be purchased from private concerns; and that is all that this amendment provides.

Mr. SNYDER. How many items for the Military Department does the gentleman think the Army buys in this country; how many different items?

Mr. DALLINGER. Mr. Chairman, every Government I have ever known about maintains arsenals and navy yards. They are essential parts of the military and naval establishment in time of peace. The provision that the manufacture of munitions of war in time of peace should be confined to government arsenals and navy yards is the one thing in the covenant of the League of Nations that everybody approves. If there had been a provision before this late war that no government should purchase munitions of war in time of peace, but that they should be manufactured in its own arsenals, we would not have had the Krupps and other great munition manufacturers exerting their powerful influence in trying to bring about war among the nations of the world in order to make money out of the destruction of their fellow men.

Mr. SNYDER. It does not mean merely war materials—

Mr. DALLINGER. What?

Mr. SNYDER. But everything from collar buttons to horse collars.

Mr. DALLINGER. If the arsenals are equipped to make anything the War Department needs, when you have hundreds of millions of dollars of the people's money invested in these arsenals—in real estate, in buildings, in equipment, and in machinery—and are paying a large overhead expense for running them, I submit it to the sane judgment of this committee that an amendment of this kind, which proposes that if you can get that thing made cheaper in these arsenals, that it is in the interest of the American taxpayer.

Mr. BEGG. Now, will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. BEGG. The War Department needs automobiles. Would the gentleman recommend that it manufacture automobiles?

Mr. HULL. There is no appropriation here for automobiles, and the gentleman knows it.

Mr. DALLINGER. The question that the gentleman from Ohio asked has nothing to do with this amendment, any more than the speech of the gentleman from New York [Mr. SNYDER] had nothing to do with the amendment. [Applause.]

Mr. GARRETT of Tennessee rose.

The CHAIRMAN. The gentleman from Tennessee is recognized.

Mr. GARRETT of Tennessee. Mr. Chairman, in response to the suggestion of the gentleman from Iowa [Mr. HULL] as to

the question of automobiles, let it be said that this amendment adds nothing, nor does it propose to add anything, to the present manufacturing facilities. If I understand the amendment proposed by the gentleman from Iowa correctly, it simply means that the existing facilities of the Government shall be utilized for the manufacture of things purchased by the War Department where they can be manufactured more cheaply in these existing facilities than they can on the outside. I have no objection to that.

Mr. BEGG. Mr. Chairman, will the gentleman permit a question there?

Mr. GARRETT of Tennessee. Surely.

Mr. BEGG. The amendment, if I understood the reading, says that they shall not buy anything that can be made cheaper otherwise. Now, if they should decide to make automobiles cheaper, for less, could they not, under the amendment, buy machinery and start in on the manufacture of automobiles?

Mr. GARRETT of Tennessee. No. I do not think the amendment is capable of that construction.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Iowa [Mr. HULL].

The question was taken, and the Chairman announced that the yeas seemed to have it.

Mr. HULL. A division, Mr. Chairman.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 40, yeas 46.

Mr. HULL. Mr. Chairman, I ask for tellers.

The CHAIRMAN. Tellers are demanded.

Tellers were ordered, and the Chairman appointed Mr. HULL and Mr. ANTHONY to act as tellers.

The committee again divided; and the tellers reported—ayes 52, yeas 53.

The CHAIRMAN. On this vote the yeas are 52 and the yeas are 53, and the amendment is not agreed to.

Mr. HULL. Mr. Chairman, there is one more in the affirmative.

The CHAIRMAN. That makes yeas 53 and yeas 53, and the amendment is not agreed to.

Mr. CHALMERS. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. The gentleman from Ohio is recognized for five minutes.

Mr. CHALMERS. Mr. Chairman, this bill carries appropriations for construction and repairs at the Naval Academy running into hundreds of thousands of dollars, and in the first paragraph on this page that we are reading it removes the limitation as to advertising for bids. I would like to ask the chairman of this subcommittee to make a statement to the general committee and put it in the Record—the statement that he made to me privately that this provision does not contemplate any large contracts. Large power is granted to the superintendent and architect to let the contracts without advertising for bids, but I understand that these are for small contracts only.

Mr. ANTHONY. The gentleman refers to the authority granted to the superintendent at West Point in certain instances to waive advertisements?

Mr. CHALMERS. Yes.

Mr. ANTHONY. I told the gentleman that this applies largely to repair jobs, where the experience has been that where bids are asked for these affairs they are two or three times, in many instances, what it costs them to go ahead and do the work, and they made such a good showing to us as to the money expended in that way that we continued this authority.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

No part of the moneys appropriated in this act shall be used for paying to any civilian employee of the United States Government an average daily wage or salary larger than that customarily paid by private individuals for corresponding work in the same locality.

Mr. GRAHAM of Illinois. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 92, line 8, strike out lines 8 to 12, inclusive.

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, this seems to be a bad day for arsenals and navy yards. The committee in its enthusiasm in looking after the contractors of the country ought not to go so far as to forget a few things that happened during the last war.

This particular amendment is unjust and unfair. I have an arsenal in my district, as you all know, and therefore I suppose I am counted as interested. But this particular amend-

ment, which was originally offered by the gentleman from Massachusetts [Mr. LUCE], is unfair in its operation.

Look at it for a moment. It provides that nobody in an arsenal shall be paid an average daily wage that is larger than that customarily paid in the same kind of industry outside. It does not say he shall receive as much, but that he shall not receive more than the average daily wage.

Let me show you how it works. I only want these people that work in the arsenals to receive the same kind of treatment that other men get who work in similar institutions; but the Luce amendment, which I have moved to strike out, is unfair in this particular. Let us take the case of a man who earns \$1,500 a year. Suppose he works in an institution outside of an arsenal and works an average of 26 days a month. That is a large average. In the course of a year he works 312 days. That man makes on an average \$4.80 a day. Suppose he is working in an arsenal. He does not make the same number of days, because by act of Congress we have given him 30 days without work, for which he gets paid. So that you see he works only 282 days. Divide \$1,500 by 282 and it is \$5.30 a day, which is his average daily wage.

Mr. ANTHONY. Will the gentleman yield?

Mr. GRAHAM of Illinois. In just a moment.

Mr. ANTHONY. I want to make just one inquiry. Does not the gentleman think that any fair-minded board in the War Department would take into consideration the statement of the gentleman in regard to the day's wage?

Mr. GRAHAM of Illinois. They ought to, if it were not for the express language of the law, which says that the workman in a Government arsenal shall not have a greater average wage than a similar man who works outside. The law we have made says that. Therefore, those who run the arsenals of the country are entirely justified in following the law that we have laid down. If the wages of those who work in arsenals are fixed by a labor board, as was the custom before this law went into effect, they will get the same wages as those who work outside, but under this provision they do not get it, and it is because of our law which Congress has passed.

Mr. HUSTED. Is there not an administrative reason why this should go out? It seems to me it is utterly impossible to determine with any reasonable degree of accuracy what the average civilian wage is that is paid in kindred employment in the same locality.

Mr. GRAHAM of Illinois. Oh, absolutely.

Mr. HUSTED. As a matter of administration it is an impossible provision.

Mr. GRAHAM of Illinois. It is an impracticable provision. It was offered here by the gentleman from Massachusetts [Mr. LUCE] at the close of a day, very hurriedly adopted without consideration, and has been written into this bill. It ought to go out. These men ought to have the same pay, no better, no worse; but they ought to have the same pay; and in order to avoid confusion this provision should be stricken out.

Mr. Sisson. Mr. Chairman, let the amendment be reported again.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk read as follows:

Amendment by Mr. GRAHAM of Illinois: Page 92, line 8, strike out lines 8 to 12, inclusive.

Mr. Sisson. That is all right.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

All material purchased under the provisions of this act shall be of American manufacture, except in cases when, in the judgment of the Secretary of War, it is to the manifest interest of the United States to make purchases abroad, which material shall be admitted free of duty.

Mr. CONNALLY of Texas. Mr. Chairman, I reserve a point of order on the paragraph.

The CHAIRMAN. The Chair recognizes the gentleman under the reservation of the point of order.

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, I call on the gentleman from Ohio [Mr. BEGG] and the gentleman from New York [Mr. SNYDER] to rally to my assistance in eliminating this section from the bill. A little while ago those gentlemen insisted that the Government ought to buy its supplies wherever they could be purchased most cheaply, irrespective of the fact that perhaps at the very same moment the Government might possess a plant erected at Government expense and maintained at Government expense which might be made idle by the purchase of such materials from private manufacturers. Here we have a provision that all material purchased under this bill shall be of American

manufacture except in cases when in the judgment of the Secretary of War it is to the manifest interest of the United States to make purchases abroad. What does that mean? This bill contains large appropriations for ordnance supplies; for steel and armament. It contains large appropriations for sea-coast cannon of heavy caliber. It contains large appropriations for the purchase of munitions, gunpowder, explosives, chemical gases and chemical warfare supplies. What does it mean unless it means that the Secretary of War must buy his steel from the United States Steel Corporation or some of its subsidiaries? What does it mean unless it means that for munitions and ammunition he must buy those supplies from the Du Pont Powder Co., or some of its subsidiaries?

Mr. SNYDER. Or somebody else.

Mr. CONNALLY of Texas. "Or somebody else" the gentleman says. Yes; somebody else; but I would like to know who else in this country is engaged in the manufacture of munitions on any scale comparable or sufficient unto the needs of the Government unless it be the Du Pont Powder Co. or its subsidiaries? The gentleman does not answer, of course.

Mr. SNYDER. There are many of them.

Mr. BANKHEAD. And where are we to get our oil?

Mr. CONNALLY of Texas. As is suggested by the gentleman from Alabama, where are we to purchase the oil consumed by the various agencies of the War Department? Of course, everybody knows where it will be purchased.

Mr. SNYDER. In Texas.

Mr. CONNALLY of Texas. No; it will not be purchased from Texas. The oil may come out of the ground in Texas, but most of the beneficiaries of the purchases of oil will reside in the gentleman's State. Whether it comes from Texas or Pennsylvania, whether it be purchased from people in my State or the gentleman's State, the Government ought to buy it where it can be purchased most cheaply.

Mr. Chairman and gentlemen, why should we pay a bonus? The Chair ruled that the Hull amendment, which would prevent the payment of bonuses, was not in order because it was not a limitation; but here the Government is going to pay a bonus on its steel purchases, on its oil purchases, on its munition purchases, and that bonus will go to American companies. I want to patronize American industry, but I want American industry to be able to compete with the industries of the world. I want to be fair to American industries, but I want American industries to be fair to the Government. And if such great combinations in this country that, according to the statement of the gentleman from Wisconsin [Mr. FREAR] published in the Record of this morning, have been accumulating such enormous dividends and surpluses, are not willing to compete with similar manufacturers in other portions of the world, I am unwilling to further increase those surpluses by bonuses from the Treasury of the United States. If the section is eliminated it will not be necessary to buy materials abroad. But if we tie the hands of the Secretary of War and tell him he can not buy abroad, then steel and munition industries will fix their own prices. If they know that the Secretary of War may go into the markets of the world, domestic manufacturers will meet competition, they will meet competitors in foreign countries, and we shall not have to go abroad to make such purchases.

I want to ask the Republicans in the House of Representatives if they are unwilling to trust the Secretary of War to make purchases under the present law? Do you fear that he will not be just and fair? If you are willing to trust the Secretary of War, why do you want to put him in a strait-jacket? Why do you want to say that he may not buy in the markets of the world?

Mr. SNELL. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. SNELL. Will the gentleman interpret lines 15, 16, and 17 of this section?

Mr. CONNALLY of Texas. I shall if the gentleman will agree to abide by my interpretation.

Mr. SNELL. I will if the gentleman interprets it rightly. What does this mean, "When in the judgment of the Secretary of War it is to the manifest interest of the United States to make purchases abroad"?

Mr. CONNALLY of Texas. What does the gentleman say it means?

Mr. SNELL. It means that he can if it is for the benefit of the country to do it.

Mr. CONNALLY of Texas. All right, accept that.

Mr. SNELL. Then what is the gentleman hollering about?

Mr. CONNALLY of Texas. I know that everybody who disagrees with the gentleman from New York is simply hollering. Everybody who has a mind that can not be precisely fitted to the procrustean standard of his own is uselessly taking up the



time of the House. The gentleman emerged from the cloakroom a few minutes ago when he heard the interests of the manufacturers were imperiled by the amendment offered by the gentleman from Iowa. The gentleman rushed in to protect the interests of the manufacturing concerns. Because gentlemen have the effrontery to rise here and try to look after the interests of the American people who must pay the bills the gentleman exclaims that we are hollering about something.

Mr. SNELL. Will the gentleman answer my question?

Mr. CONNALLY of Texas. Yes; according to his own construction. The gentleman from New York says that when in the judgment of the Secretary of War it is for the manifest interest of the United States he can purchase abroad. If that is true, why do you want to limit him at all? If you know he will purchase it abroad only when it is for the best interest of the United States, then it follows he ought to purchase it at home only when it is for the best interest of the United States. Why hog tie him by a statute and why provide that he shall be limited at all? Let him go out into the markets of the world and let him buy anywhere. But it does not mean that. It is merely a refuge for the man who seeks to meet the argument such as I am making on the floor. It is not the intention of the gentleman who drafted the amendment to permit the Secretary of War freedom in making purchases, but the real purpose is to deliver the War Department to a noncompetitive market. Whenever there is a great contract to be let for ordnance, you will find the manufacturers and their friends will go to the War Department, with a list of fixed prices in one hand and this bill in the other hand, and they will call the attention of the Secretary of War very carefully to the language of this paragraph and to the fact that Congress intended that such purchases should be made in the United States, and, the gentleman ought to know, that that will be the case. But in order to meet the argument they say, "Except, however, in those cases in which it is for the manifest interest of the United States," and those cases will be mighty few and mighty far between. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HUSTED. Mr. Chairman, this provision is merely a general declaration in favor of the purchase of American goods, and nothing more than that. I do not see how any American can take exception to such a declaration. It is a declaration on the part of Congress that where American goods can be purchased by the War Department consistently with the best interests of the United States American goods shall be purchased.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. HUSTED. I will.

Mr. GARRETT of Tennessee. Is the gentleman quite sure that he is accurate in that statement?

Mr. HUSTED. I feel quite sure about it.

Mr. GARRETT of Tennessee. Under existing law is it not a fact that except in cases of emergency bids are required; that the War Department when it makes a contract shall require bids?

Mr. HUSTED. That is the general policy, except in cases of emergency and of small purchases such as we have referred to here to-day.

Mr. GARRETT of Tennessee. Is it not the law that bids must be required?

Mr. HUSTED. Yes; but we make exceptions in cases of small items. We had a case here to-day, alluded to on the floor, of certain repairs to buildings for which we specifically provided that no public bids are required.

Mr. GARRETT of Tennessee. Congress made that exception. Now, the law of the country, as I understand it, is that bids must be asked upon these contracts, unless exception be made by the law. Under this provision you are repealing that law; you are providing that the Secretary of War may not consider bids.

Mr. HUSTED. I do not agree with the gentleman.

Mr. GARRETT of Tennessee. He must confine his consideration wholly to American articles.

Mr. HUSTED. I do not agree with the gentleman. The Secretary of War, under this provision, in the case that goods he wants to acquire can not be purchased in this country at a reasonable price or in sufficient quantities or of the character and quality desired, must permit bids on foreign goods. There is nothing to prevent that. On the contrary, the law requires it.

Mr. GARRETT of Tennessee. Of course not; but, under the law as it exists now, he has to consider the offering of bids.

Mr. HUSTED. After all has been said, this is simply a general declaration in favor of American goods. I do not see how any American can reasonably take exception to such a declaration. There is ample provision here, made in the very

terms of this paragraph, for the acquirement of goods abroad if American goods can not be obtained in sufficient quantities or at a reasonable price or of the desired quality.

Mr. HICKS. Mr. Chairman, what is the status of this? Is the point of order made or reserved?

The CHAIRMAN. It is reserved.

Mr. BANKHEAD. Mr. Chairman, I call for the regular order.

Mr. HICKS. Let us have the regular order.

The CHAIRMAN. Does the gentleman make the point of order?

Mr. CONNALLY of Texas. Mr. Chairman, I make the point of order that this is legislation on an appropriation bill, and it is not a limitation in that it interferes with the discretion of an executive officer in the purchase of material, which he has now under existing law, as I understand it, and it changes existing law.

The CHAIRMAN. Does the gentleman from Kansas wish to be heard upon the point of order?

Mr. ANTHONY. I merely call the attention of the Chair to the fact that all of the language of the paragraph is undoubtedly in order with the possible exception of the last line containing the words "which material shall be admitted free of duty." All of the language preceding that is a limitation.

The CHAIRMAN. As the Chair reads this amendment, the first part of it, excepting the last line referred to, is merely a limitation, though not stated in the language of a limitation. The remaining phrase, "which material shall be admitted free of duty"—

Mr. STAFFORD. Mr. Chairman, before the Chair makes the final decision, may I make this observation?

The CHAIRMAN. Yes.

Mr. STAFFORD. I am advised by the gentlemen of the Ways and Means Committee that that is now existing law, carried in the tariff law.

The CHAIRMAN. If it effects anything at all, it certainly is a change of law, and therefore would make the paragraph subject to a point of order. The Chair sustains the point of order.

Mr. STAFFORD. Mr. Chairman, I reoffer the paragraph with the last clause eliminated.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 92, after line 7, insert: "All material purchased under the provisions of this act shall be of American manufacture, except in cases when, in the judgment of the Secretary of War, it is to the manifest interest of the United States to make purchases abroad."

Mr. CONNALLY of Texas. Mr. Chairman, I make the point of order that it is not a limitation; that it is legislation on an appropriation bill; and that it is not germane to this part of the bill.

The CHAIRMAN. As to the limitation, the Chair has already expressed his opinion.

Mr. GARRETT of Tennessee. Mr. Chairman, will the Chair hear me on the subject?

The CHAIRMAN. The Chair will be very glad to hear the gentleman from Tennessee.

Mr. GARRETT of Tennessee. I thought I had before me the provision with respect to the making of contracts, but I find that I am mistaken. However, the gentleman from Kansas can correct me if I make any mistake about what the law is. Under the law now, except in cases of emergency, the War Department, in order to secure materials, is required to advertise for bids, and it is required to accept the lowest bid made under all of the conditions laid down, no matter where that bid comes from. If it be made by a foreign manufacturer, it has to be accepted if the conditions are complied with. Am I not correct in that?

Mr. ANTHONY. I think so, except in such specified instances where Congress has waived that requirement.

Mr. GARRETT of Tennessee. Yes. This, therefore, is a proposition on an appropriation bill to change that existing law.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. HUSTED. Does not the gentleman think it would be entirely within the law relating to the purchase of materials by the War Department to provide in the advertisement for bids, in any particular case, that the goods on which the bid is asked must be of American manufacture?

Mr. GARRETT of Tennessee. Oh, that is on the merits of the proposition. This is a point of order which is pending now, and not the merits of the proposition that we are discussing.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. MOORE of Virginia. It appears that the existing statute is as stated by the gentleman from Tennessee. The act of March 2, 1901, reads in this way:

Hereafter, except in cases of emergency, or where it is impracticable to secure competition, the purchase of all supplies for the use of the various departments and posts of the Army, and of the branches of the Army service, shall only be made after advertisement and shall be purchased where the same can be purchased the cheapest, quality and cost of transportation and the interests of the Government considered.

The CHAIRMAN. In the mind of the Chair that does not touch the question. The only question in the mind of the Chair is whether this is strictly a limitation. Suppose it were phrased in this language—suppose the paragraph read—

no part of the moneys appropriated under the provisions of this act shall be used to purchase any but American material—

We have a right to make that limitation—

except in cases where in the judgment of the Secretary of War—

And so forth. Would not that mean exactly the same as the language as it now stands?

Mr. GARRETT of Tennessee. I will say very frankly to the Chair when you bring in the exception it will fall within the ruling the Chair made a few minutes ago on the stop-watch proposition. That is not what this provision in the bill says. With all possible respect to the Chair, the provision of the bill does not say anything about any part of the money appropriated, but says everything appropriated under the provisions of this act. This changes existing law in an appropriation bill.

Mr. BLANTON. May I make this suggestion to the Chair?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BLANTON. That while it is evidently intended that this amendment should be a limitation, it is not couched in such language as would make it a limitation, and until it is so drawn in language that makes it a limitation it is certainly out of order.

Mr. MONDELL rose.

The CHAIRMAN. The Chair will examine more carefully the exception referred to by the gentleman from Tennessee.

Mr. BEGG. If the gentleman is correct in the statement that the basic law compels them to accept the lowest bid, how do you explain the illustration I gave, which happened last April, where they accepted castings at 7½ cents a pound higher than the lowest bid and higher than 11 other bids? How do you explain that?

Mr. GARRETT of Tennessee. Of course, I have no explanation for it; I did not do it.

The CHAIRMAN. The Chair is attempting to reduce the language in the form of a limitation and has encountered the very difficulty to which the gentleman from Tennessee calls attention, that in the exception there lurks one additional requirement that gives to the Secretary of War a discretion which the Chair understands he is not clothed with at the present time. That is the difficulty, with a more careful investigation of the exception.

Mr. MONDELL. Mr. Chairman, it is not necessary to clothe a limitation in any particular form in order to make it a limitation if when applied to the legislation and its appropriation it does place a limitation on expenditures.

The CHAIRMAN. The Chair thoroughly agrees to that.

Mr. MONDELL. That is what this paragraph clearly does, although it is not in the usual form of a limitation.

The CHAIRMAN. Will the gentleman go one step further and take the other point? Is not the Secretary clothed with additional power than that which he now has? In other words, at the present time would he under existing law have the authority to buy in the way that this would authorize him to buy, and if that is true, it changes the Secretary's authority to the extent that it is legislation.

Mr. MONDELL. Mr. Chairman, the Secretary of War must under the law and in good conscience make purchases in such a way as he believes to be in the interest of the United States Government. We do not modify that authority or that duty.

The CHAIRMAN. But is not the gentleman widening his authority—an authority he would not have now under the law?

Mr. MONDELL. Not at all, because except for this limitation that is exactly what the Secretary would have to do now under the law. He would be compelled to make his contracts with the lowest and best bidder in the interest of the United States, and now we are making an exception to that, and we say that he shall purchase in the United States, except he must still have regard for the interest of the United States in the matter.

Mr. HUSTED. Will the gentleman yield?

Mr. MONDELL. If I have the floor.

Mr. HUSTED. Is it the contention here that the Secretary of War is compelled to accept foreign-made goods if he does not want them and does not believe it is in the best interest of the Government to buy them? I do not believe there is such a thing in the law.

Mr. MONDELL. That is the only logical construction you can place on the statement of the gentleman from Tennessee.

Mr. GARRETT of Tennessee. Oh, no, Mr. Chairman; under the law, as I read it, the Secretary of War would have ample authority to make it a condition of any public letting if in his judgment the best interests of the United States Government required it, and specify right in the bid itself that the goods must be of American manufacture.

Mr. MONDELL. If the Chair will allow me again for a moment to call his attention to the language referred to by the gentleman from Tennessee, "except in cases when in the judgment of the Secretary of War it is to the manifest interest of the United States to make purchases abroad"; the law at the present time requires the Secretary of War to make purchases as it appears to the interest of the United States to do. Now, we make an exception in the first part of the paragraph by providing that the Secretary shall purchase materials in the United States unless—and the word "unless" could be used in lieu of the word "except," the meaning would be the same—unless he finds it to the interest of the United States to buy abroad. It does not change the character of the limitation by adding that additional language.

Mr. HICKS. Mr. Chairman, while I am opposed to the point of order, so far as it strikes at the merits of the proposition, I believe it is subject to a point of order from the parliamentary standpoint. This amendment gives to the Secretary discretionary powers that he does not now possess. By granting him functions in addition to those now enjoyed it is legislation under our precedents and under our rulings. This limitation, so called, is so in form, but in substance it is legislation, and is put into this bill for the purpose of allowing certain things to be done that can not now be done. This makes it legislation. Therefore I think it is clearly subject to a point of order.

Mr. MONDELL. Mr. Chairman, I think the gentleman is entirely in error. A limitation may add to the authority or discretion of the Secretary; it may take from.

Mr. HUSTED. Mr. Chairman, it is manifest that the Secretary of War, if he properly performs his duty to our Government, must exercise his own best business judgment. The claim is made that under the language of this provision the discretion of the Secretary of War would be broadened. I fail to see how it is broadened in the slightest degree.

The CHAIRMAN. Will the gentleman allow the Chair to ask him a question?

Mr. HUSTED. Certainly.

The CHAIRMAN. Just what is the purpose of this paragraph?

Mr. HUSTED. The purpose of this paragraph is to make a general declaration in favor of American goods. It is really wholly ineffective except as viewed from that standpoint. It does not grant any additional discretion. It does not limit any authority. It is simply a reenactment of the general power of the Secretary of War coupled with a specific declaration in favor of American goods. It is a declaration of a policy, and nothing else. There is no limitation placed on the Secretary of War. There is no increase of his discretion. The paragraph provides that the Secretary of War may purchase foreign goods if, in his opinion, the interest of the Government requires such action. He can do that now. Wherein is there a limitation on his authority or discretion?

Mr. CONNALLY of Texas. Mr. Chairman, the gentleman from New York [Mr. HUSTED] is very candid about this proposition. He admits that the amendment is no limitation. He says its only effect is to make a declaration of a general principle, a glittering generality. If it is not a limitation, then it is not in order.

Of course, it does not come under the Holman rule, because it does not reduce expenditures; but, on the other hand, in all probability it will increase expenditures, because the present law requires competition by bids. This amendment destroys that, because it limits competition to the United States, except in certain particular cases.

Now is it a limitation?

The CHAIRMAN. Will the gentleman read that part of the law?

Mr. CONNALLY of Texas. The present statute is—

Hereafter, except in cases of emergency, or where it is impracticable to secure competition, the purchase of all supplies for the use of the various departments and posts of the Army and of the branches of



the Army service shall only be made after advertisement, and shall be purchased where the same can be purchased the cheapest, quality and cost of transportation and the interests of the Government considered.

Now the present statute requires the Secretary of War to buy under advertisement where he can buy cheapest. But if this amendment is adopted, that law, to the extent of the limitation, if it be a limitation, must give way.

Now, the Chairman this afternoon very courageously overruled a long line of decisions in passing upon the amendment offered by the gentleman from Iowa [Mr. HULL], and the Chairman said that it was the duty of the Chair to look beyond the clouds and the dust and to see what was the real purpose of an amendment, whether it be a limitation or legislation, when offered to an appropriation bill.

What is the purpose, whether it is avowed or admitted? What is the purpose? The purpose is to prevent the Secretary of War from purchasing any goods except American goods, with the little exception made in this provision. The Chair knows that that is the purpose of it. The Chair knows that the gentlemen who offered this amendment are not concerned with the limitation merely as to the expenditure of funds.

The CHAIRMAN. Suppose it simply said, "No part of the appropriations in this act shall be used for the purchase of articles made abroad." Would not that be a limitation?

Mr. CONNALLY of Texas. In all candor to the Chair, I really think that would be a limitation.

The CHAIRMAN. No. I wish to have the gentleman from Texas help the Chair, in order to creep around these points.

Mr. CONNALLY of Texas. I say that would be a limitation.

The CHAIRMAN. Now show what would happen.

Mr. CONNALLY of Texas. Unfortunately that has not been offered. We are passing only upon what has been offered. If this is not in order it seems to me it is the duty of the Chair to rule on what is before the House, and then, if the gentlemen in their anxiety to put this through will offer something else, we can meet that when we come to it. But the difference between that provision and this provision is that at present the Secretary has a discretion to purchase at home or abroad. At present he has that discretion in that he must consider not only the interests of the Government, but he must buy where it is the cheapest.

The CHAIRMAN. That is just the point the Chair wishes to hear the gentleman upon.

Mr. CONNALLY of Texas. I am glad that in stumbling around I finally ran into what the Chair was trying to put in my mind. Under the present law the Secretary of War is required by law to buy where he can buy the cheapest, and if this amendment is adopted, unless American prices are lower than abroad he can not buy at all. The law would still require purchases in the cheapest market, but a limitation, such as the Chair suggests, would deny to him the money with which to pay for the purchase, except in the case of the purchase of American goods.

Mr. LONDON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LONDON. Is it not in order on an appropriation bill to make a declaration in favor of a protective tariff? [Laughter.]

The CHAIRMAN. The Chair does not think that is a parliamentary inquiry.

Mr. LONDON. That is what it amounts to.

The CHAIRMAN. If it is the intention of the gentleman from Kansas to move that the committee rise, the Chair will ask the privilege of reserving his decision until morning, because the Chair realizes that this is an important matter.

Mr. ANTHONY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 13793) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1924, and for other purposes, had come to no resolution thereon.

#### ENROLLED BILL SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 13559. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1924, and for other purposes.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to the following:

To Mr. MORIN, for the remainder of this week, on account of illness.

To Mr. FUNK, for one week, on account of important business.

#### ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 23 minutes p. m.) the House adjourned until Friday, January 19, 1923, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

914. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting a draft of legislation which will allow transportation to reserve officers of the Army when called to duty, was taken from the Speaker's table and referred to the Committee on Military Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HAWLEY: Committee on Ways and Means. H. J. Res. 422. A joint resolution permitting the entry free of duty of certain domestic animals which have crossed the boundary line into foreign countries; without amendment (Rept. No. 1425). Referred to the Committee of the Whole House on the state of the Union.

Mr. McCORMICK: Committee on the Public Lands. S. 1878. An act to permit the State of Montana to exchange cut-over timberlands granted for educational purposes for other lands of like character and approximate value; without amendment (Rept. No. 1426). Referred to the Committee of the Whole House on the state of the Union.

Mr. McCORMICK: Committee on Indian Affairs. S. 3790. An act authorizing the Secretary of the Interior to enter into an agreement with Toole County irrigation district, of Shelby, Mont., and the Cut Bank irrigation district, of Cut Bank, Mont., for the disposal of the surplus waters of Milk River, Two Medicine, Cut Bank, and Badger Creeks not needed by the Indians of the Blackfeet Indian Reservation for domestic or irrigation purposes; with an amendment (Rept. No. 1427). Referred to the Committee of the Whole House on the state of the Union.

Mr. MONTAGUE: Committee on the Judiciary. S. 1016. An act to amend an act entitled "An act to repeal section 3480 of the Revised Statutes of the United States"; without amendment (Rept. No. 1428). Referred to the Committee of the Whole House on the state of the Union.

Mr. SNYDER: Committee on Indian Affairs. H. R. 13835. A bill authorizing the Secretary of the Interior to appraise tribal property of Indians, and for other purposes; without amendment (Rept. No. 1429). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H. R. 13882. A bill to amend the act entitled "An act to establish a commission to be known as the United States Coal Commission for the purpose of securing information in connection with questions relative to interstate commerce in coal, and for other purposes," approved September 22, 1922; without amendment (Rept. No. 1430). Referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MILLS: A bill (H. R. 13907) to provide for refund of certain estate taxes erroneously collected; to the Committee on Ways and Means.

By Mr. MUDD: A bill (H. R. 13908) fixing the pay for the officers and men of the United States Naval Academy Band, and for other purposes; to the Committee on Naval Affairs.

By Mr. WILLIAMSON: Memorial of the Legislature of the State of South Dakota, urging Congress to give careful and favorable consideration to House bill 13574, authorizing the Secretary of the Interior to erect a monument at Fort Pierre, S. Dak., to commemorate the explorations and discoveries of the Verendrye brothers, and to expend not to exceed \$25,000 therefor; to the Committee on the Library.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H. R. 13909) granting a pension to Willie A. Mankin; to the Committee on Pensions.

By Mr. CABLE: A bill (H. R. 13910) to remove the charge of desertion from the record of George T. Silvers; to the Committee on Military Affairs.

By Mr. COLE of Iowa: A bill (H. R. 13911) granting a pension to Lusania V. Center; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 13912) granting a pension to Lillian Ensminger; to the Committee on Invalid Pensions.

By Mr. HENRY: A bill (H. R. 13913) providing for the purchase of a suitable site for the erection of a post office for the village of Canisteo, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. JOHNSON of Kentucky: A bill (H. R. 13914) granting a pension to Eliza Forbes; to the Committee on Invalid Pensions.

By Mr. KENNEDY: A bill (H. R. 13915) for the relief of Daniel A. Spaight; to the Committee on Claims.

Also, a bill (H. R. 13916) for the relief of Elizabeth Tabele; to the Committee on Claims.

By Mr. KOPP: A bill (H. R. 13917) granting an increase of pension to Elizabeth E. Lanam; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 13918) granting a pension to Wallis Bailey; to the Committee on Pensions.

Also, a bill (H. R. 13919) granting a pension to Henry E. Booth; to the Committee on Pensions.

Also, a bill (H. R. 13920) granting a pension to Robert McQueen; to the Committee on Pensions.

By Mr. McDUFFIE: A bill (H. R. 13921) authorizing the President to appoint George C. Scherer to the position and rank of captain in the Quartermaster Corps of the United States Army; to the Committee on Military Affairs.

By Mr. NELSON of Maine: A bill (H. R. 13922) granting a pension to William L. Ross; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 13923) granting an increase of pension to Essie Pursel; to the Committee on Invalid Pensions.

By Mr. ROACH: A bill (H. R. 13924) granting a pension to Elizabeth M. Griffith; to the Committee on Invalid Pensions.

By Mr. TREADWAY: A bill (H. R. 13925) granting an increase of pension to Jennie E. Moore; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6907. By Mr. BACHARACH: Petition of sundry citizens of Atlantic City, N. J., protesting against the passage of the compulsory Sunday observance bill; to the Committee on the District of Columbia.

6908. By Mr. BULWINKLE: Petition of Father Felix, O. S. B., Belmont Abbey, Belmont, N. C., and others, praying that the Congress of the United States extend aid to the famine-stricken people of Europe; to the Committee on Foreign Affairs.

6909. By Mr. BURTNESS: Petition of sundry citizens of Fargo, Cogswell, Hatton, Sarles, Finley, Hankinson, Hunter, Mayville, Churchs Ferry, Lidgerwood, Walhalla, Milton, Endelin, Sheldon, Bisbee, Hoople, Fairmont, Page, Hannah, Forest River, Hamilton, Forman, St. Thomas, Inkster, Park River, Milnor, Lakota, Northwood, Bathgate, Cavalier, Lisbon, Hillsboro, Pembina, Larimore, Tower, City, Casselton, and Grand Forks, all in the State of North Dakota, favoring the passage of the Townner-Sterling bill; to the Committee on Education.

6910. Also, petition of sundry citizens of Forman, N. Dak., Hunter, N. Dak., and Grand Forks, N. Dak., favoring the abolition of discriminatory tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

6911. By Mr. CULLEN: Resolution adopted by the American Legion in national convention assembled, calling upon Congress to take up and act upon measures pending in Congress regarding the disposition of Muscle Shoals; to the Committee on Military Affairs.

6912. Also, petition of a mass meeting of citizens of New York City, favoring a first-class Army and Navy at all times; to the Committee on Military Affairs.

6913. By Mr. FULLER: Resolutions of the Illinois State Federation of Labor, favoring the recognition by the United States of the soviet government of Russia; to the Committee on Foreign Affairs.

6914. Also, petition of the National Council of Farmers' Cooperative Marketing Associations, concerning credits and increase of maximum loans by farm-land banks from \$10,000 to \$25,000; to the Committee on Banking and Currency.

6915. By Mr. KELLEY of Michigan: Petition of Cleo E. Baker and 21 other residents of Lansing, Mich., favoring repeal of the tax on small arms and ammunition; to the Committee on Ways and Means.

6916. Also, petition of the Hall & Downie Hardware Co. and 20 other residents of Flint, Mich., favoring repeal of the tax on small arms and ammunition; to the Committee on Ways and Means.

6917. By Mr. KINDRED: Petition of Port of New York Authority, E. H. Outerbridge, chairman, opposing any reduction of appropriations for rivers and harbors maintenance and improvement as recommended by the Chief of Engineers for the port of New York; to the Committee on Rivers and Harbors.

6918. By Mr. KISSEL: Petition of United States Customs Service, San Francisco, Calif., favoring better pay for customs laborers in the United States; to the Committee on Ways and Means.

6919. By Mr. MACGREGOR: Petition of sundry citizens of Buffalo, N. Y., favoring aid to Germany and Austria; to the Committee on Foreign Affairs.

6920. Also, petition of H. H. Koehler and five other citizens of Buffalo, N. Y., favoring help for Germany and Austria in regard to food which is to be bought from the United States; to the Committee on Foreign Affairs.

6921. By Mr. MORIN: Petition of Bavarian National Association of North America, Section No. 41, Pittsburgh, Pa., urging the passage of House Joint Resolution 412, purporting to extend aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6922. By Mr. PERKINS: Petition signed by Theo. H. Mulch, Westwood, N. J., and others, in support of legislation extending immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6923. Also, petition signed by Max Rumain, Hasbrouck Heights, N. J., and others in surrounding towns, in support of legislation extending immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6924. Also, petition signed by H. J. Schubert, Hackensack, N. J., in support of legislation extending immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6925. By Mr. RIORDAN: Petition of 25 citizens of New York, to extend aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

6926. By Mr. THOMPSON: Petition of 15 citizens of Convoy, Ohio, urging action on House Joint Resolution 412, for the relief of famine conditions in Germany and Austria; to the Committee on Foreign Affairs.

6927. By Mr. YOUNG: Petition of Olaus Johnson and others, of Bergen, N. Dak., protesting against House bill 13195 and Senate bill 4130; to the Committee on Interstate and Foreign Commerce.

## SENATE.

FRIDAY, January 19, 1923.

(Legislative day of Tuesday, January 16, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

## SPEECH OF MR. BOYDEN BEFORE REPARATION COMMISSION.

Mr. LODGE. Mr. President, I ask unanimous consent to present from the Committee on Foreign Relations, in reply to the resolution submitted by the Senator from Utah [Mr. KING], the authentic text of the remarks of Mr. Boyden on January 9, 1923, together with a memorandum showing the differences between that text and the version contained in the New York Times, which was printed in the Record. I ask that the text I present may be printed in the Record in the usual Record type, and the matter indicated in parallel columns.

The VICE PRESIDENT. Without objection, it is so ordered.